




**M-E-M-O-R-A-N-D-U-M**

**TO:** Honorable Navajo Nation Council Delegates  
The 23<sup>rd</sup> Navajo Nation Council

**FROM:**   
Elizabeth Begay, CIA, CFE  
Auditor General  
Office of the Auditor General

**DATE:** March 21, 2016

**SUBJECT:** Job Classification and Compensation Study for the Navajo Nation Chapter-related Positions

The Office of the Auditor General herewith transmits Job Classification and Compensation Study for the Navajo Nation Chapter-related Positions (Report No. 16-17). The study was conducted in response to concerns raised by the Navajo Nation Council Delegates on unfilled vacant positions at the chapters and administrative service centers. The Office of the Auditor General outsourced the study to Valliant Consulting Group, certified professionals in human resources to meet the following objectives:

1. Evaluate the current duties and responsibilities of chapter-related positions and reconcile these duties and responsibilities to current position descriptions and compensation system for the positions.
2. Conduct a survey on the salary and benefits of public and private sector jobs with the same essential duties and functions as the chapter-related positions.
3. Identify and evaluate the advantages and disadvantages of applying an equivalency requirement to the chapter-related positions.

The Valliant Consulting Group reported the following deliverables:

1. Updated job descriptions for chapter and administrative service center positions.
2. Provided appropriate equivalency requirements, when applicable for each position that is consistent with the market and in alignment with hiring goals.
3. Determined competitive, market-based wage rates.
4. Provided cost impact summary on the new compensation system.

In addition, the report provides recommendations to help the Navajo Nation implement the new compensation system for chapter-related positions.

If you have any questions, please call our office at (928) 871-6303. Thank you

chronos

FINAL  
REPORT



# NAVAJO NATION CHAPTERS

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FINAL  
REPORT

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2016  
JOB CLASSIFICATION &  
COMPENSATION  
STUDY

FEBRUARY 2016

PREPARED BY  
Valliant Consulting Group







February 15, 2016

Ms. Elizabeth Begay  
Auditor General  
Office of the Auditor General  
Navajo Nation  
PO Box 708  
Window Rock, AZ

Dear Ms. Begay:

We are pleased to present the final compensation study reports for the Job Classification & Compensation Study for the Navajo Nation – Chapter related positions. For your convenience, we have arranged the report to coincide with the scope of work from the proposal.

In the report are many recommendations that we believe will help the overall effectiveness of your organization. After your review of the recommendations, we would be happy to meet with you and answer any questions you may have.

We have enjoyed the opportunity to get to know some of your staff members and look forward to opportunities to work with the Navajo Nation in the future.

Thank you for giving Valliant Consulting Group the opportunity to serve the Navajo Nation.

Sincerely,

A handwritten signature in cursive script that reads "Shannon Mick".

Shannon Mick, MBA, CCP  
Senior Human Resource Consultant  
Valliant Consulting Group

Cc: Helen Brown, Principal Auditor

# **PROJECT PLAN**

# Project Plan & Scope of Work

## PROJECT GOALS

- ✓ Develop an overall Compensation Strategy that is in alignment with Navajo Nation Chapter’s values and priorities.
- ✓ Thoroughly review and understand organizational structure, current compensation system and all positions within the organization.
- ✓ Gain employee input through the use of Position Description Questionnaires (PCQ’s).
- ✓ Provide appropriate equivalency requirements, when applicable, for each position that is consistent with the market and in alignment with hiring goals.
- ✓ Update/revise or create job descriptions that are in alignment with current duties and market.
- ✓ Ensure all positions are properly classified as exempt or nonexempt.
- ✓ Update or create internally equitable and externally competitive wage structures.
- ✓ Determine competitive, market-based wage rates for all positions using comparable local, regional and national data.
- ✓ Identify and report cost impact analysis for implementation of study findings.
- ✓ Provide a number of implementation strategies which consider timing and financial impact.
- ✓ Recommend policy changes to correspond to the new compensation system.
- ✓ Provide effective communications relative to the study to all stakeholders.

Action Items	Target Completion Date*	Revised Completion Date	% Complete	Responsible Team Member	Comments/ Findings
Initiate and Finalize Contract	9/29/15		100%	Valliant/ NN/Helen	
Complete Draft Project Plan	10/7/15		100%	Valliant/ Kelly	
Send Organizational Info to Valliant to include: complete job listing; job descriptions; policy manual or policies related to compensation	10/15/15		100%	NN	Received October 15, 2015
Complete Thorough Review of all Client Information	10/15/15		100%	Valliant/Shannon	
Compensation Strategy Meeting	10/15/15		100%	Valliant/ NN	October 15, 2015
Identify Salary Research Guidelines	10/15/15		100%	Valliant/ NN	
Determine plan for distribution of PCQs	10/15/15		100%	NN/Valliant	Sent to 110 Chapters and 12 (of16) ASCs via email; mail 100 copies
Submit Initial Project Invoice/Billing	10/15/15	10/20/15	100%	Valliant/Kelly	Initial Invoice #1 (of 4)
PCQs returned to Valliant*	10/31/15		100%	NN	December 2015
Begin to create/revise job descriptions	11/2/15		100%	Valliant/ Shannon	



Action Items	Target Completion Date*	Revised Completion Date	% Complete	Responsible Team Member	Comments/ Findings
Begin Salary Research	11/2/15		100%	Valliant/Shannon	
Submit Project Invoice/Billing & Status Report	11/15/15		100%	Valliant/Kelly	Invoice #2 (of4)
Complete drafts of all job descriptions	11/16/15	12/18/15	100%	Valliant/Shannon	
Prepare Equivalency Requirements Report and Recommendations per position	11/17/15		100%	Valliant/Shannon	
Conclude Salary Research	11/23/15		100%	Valliant/Shannon	
Create Draft Salary Structure(s) and Classify Positions	11/25/15		100%	Valliant/Shannon	
Prepare Initial Draft Red/Green Circle (Cost Impact Reports)	11/30/15		100%	Valliant/Shannon	
Draft Report Meeting	12/4/15		100%	Valliant/Shannon/ NN	January 20th
Begin Request for Review process	12/4/15		100%	Valliant/Shannon/ NN	
Submit Project Invoice/Billing & Status Report	12/15/15		100%	Valliant/Kelly	Invoice #3 (of4)
Request for Review Forms Due to Valliant*	12/18/15	2/12/16	100%	NN	
Finalize Implementation Report	12/22/15		100%	Valliant/Shannon	
Complete Compensation Policy Review and Benefits Analysis	12/23/15		100%	Valliant/Shannon	
Prepare proposal for annual update of recommended compensation system.	12/31/15		100%		
All Final Reports Completed to include: Final Job Descriptions; Equivalency Requirement Recommendations; Salary Structure(s); Cost Impact Reports; Implementation Report; Benefits Analysis Report; System Maint Report; Compensation Review Proposal	12/31/15		100%	Valliant/Shannon	
Training on System Maintenance	1/8/16	3/16/16	100%	Valliant/Shannon/NN	
Final Leadership Meeting	1/8/16	3/16/16	100%	Valliant/Shannon/NN	
Submit Final Project Invoice	Upon Completion		100%	Valliant/Kelly	Final Invoice #4

\*If dates of completion are not met, the project schedule will need to be adjusted to accommodate additional timeframes.

# **COMPENSATION STRATEGY**

## Navajo Nation Chapter Compensation Study: Final Report

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**Deliverable:** *Create new job descriptions and development of a Salary Structure to support the Compensation Strategy for Chapter positions and Administrative Service Centers within the Division of Community and Development.*

An overall Compensation System should incorporate the following goals:

1. The ability to offer competitive salaries relative to the labor market in which it recruits
2. Ensure external competitiveness
3. Ensure internal equity
4. Comply with applicable federal, state and tribal laws and regulations
5. Operate within the constraints of the budgetary process and financial resources limitations
6. Ensure administrative efficiency

**The ability to offer competitive salaries relative to the labor market in which it recruits** Valliant Consulting Group (VCG) concludes that these positions currently utilize the Navajo Nation classification plan which consists of 20 grades with a 37.7% range spread. Some of the positions ranges do not support the current compensation strategy of matching the market.

The proposed new structure was developed with the philosophy of aligning to the compensation strategy of matching the market. The new structure is set based on the market for base pay. The new structure will provide a foundation and consistency in compensation administration as well as a system that is easily administered and communicated.

The structure accommodates New Mexico's minimum wage of \$7.50 per hour and the Federal minimum wage of \$7.25 per hour and the Navajo Nation's minimum wage of \$7.25 per hour.

**Ensure external competitiveness** VCG utilized a number of salary sources to ensure the proposed compensation system remains externally competitive on a local and regional level. Salary sources and surveys were used from Arizona, New Mexico, Southwest Region, Community Development, Planning, Administration, Accounting, Government, surrounding cities, counties and other industries. In order to remain externally competitive, Navajo Nation should monitor the marketplace and conduct an annual survey of benchmark positions.

**Ensure internal equity** To ensure internal equity, it is imperative that positions of similar skills, knowledge and abilities are valued consistently within the organization. The wage structure and grading system proposed by VCG ensures internal equity by grouping positions of similar skills, abilities and qualifications into comparable grades in relation to market values.



## Navajo Nation Chapter Compensation Study: Final Report

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VCG recommends that employee job descriptions remain current and up-to date and that each position description maintain clearly defined minimum qualifications and essential duties. The minimum qualifications and essential duties should align to the marketplace and be defined on the job description. Job descriptions should be utilized for recruiting as well as performance management.

Internal equity is eroded when individuals are not performing the skills and abilities of their position and do not meet the minimum qualifications of the position. Using inflated job titles to reward employees will further erode internal equity and external benchmarking.

**Comply with applicable federal, state and tribal laws and regulations** Although the Navajo Nation may not fall within the jurisdiction of many employment related federal laws, acts or regulations, it is recommended that the organization continue to remain aware of the potential impact in these areas.

All positions have been reviewed based on the current Fair Labor Standards Act (FLSA) for exemption statuses.

VCG is expecting changes to the FLSA regulations in 2016. It is anticipated that one of the new requirements will be a minimum salary threshold for an employee to be considered exempt to be between \$41,000 and \$52,000. Initial indications appear to be \$50,040 as a minimum salary.

For the employees' salaries that were included in this compensation study, the Navajo Nation has 126 employees who are classified as exempt with salaries below \$50,040. All employee salaries will need to be increased to remain in an exempt classification. When the regulation takes effect, Navajo Nation will need to move some employees to non-exempt or increase their salaries to comply with the regulations.

**Operate within the constraints of the budgetary process and financial resources** Navajo Nation's compensation system should fall within budget requirements. If initial changes in this system cannot be accomplished within budgetary limitations, it is suggested that a plan be developed to work toward the implementation of the total compensation system over time.

**Ensure Administrative Efficiency** Consistent and ongoing monitoring of the recommended compensation system are crucial factors in it's overall effectiveness. When utilizing a market-driven system, it is critical to remain externally competitive and that continual monitoring of the market be accomplished. In order to maintain internal consistency, it is important that the Navajo Nation have the ability and resources to monitor and enforce policies, procedures and programs.

# **WAGE STRUCTURE**

**Deliverable:**     *Methodology for new market salary structure.*

**Details**

The salary structure has been created for 2016 based on the marketplace. The midpoint of each of the salary grades is considered the market control point, or the salary that matches competitively to the market. The following salary sources were utilized in order to determine market competitive rates:

**Surveys**

- Kenexa Compensation Survey
- Kenexa Not for Profit Survey
- Kenexa Legal Survey
- Robert Half Management Resources Salary Survey
- Mercer Benchmark Survey
- Towers Watson Finance/Accounting Survey
- Towers Watson Cross Industries Salary Survey
- Mountain States Government Survey
- Mountain States Finance Survey

**Government Entities**

- State of New Mexico and Arizona
- New Mexico Municipalities Survey
- US Department of Labor
- Bureau of Labor Statistics
  - New Mexico
  - Arizona

**Tribal Entities**

- Native American Organizations
- Navajo Nation and Enterprises

**Wage Structure**

There are 13 grades in the proposed wage structure with step A through L. The percentage spread from minimum to maximum is 37.7% to match the current spread at the Navajo Nation, and the percentage spread between grades is 10% (i.e. the midpoint of Grade 2 is 10% higher than Grade 1).



## Navajo Nation Chapter Compensation Study: Final Report

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### Employee Increase Projections

VCG is providing additional information to assist the Navajo Nation with projected salary budget increases for 2016.

The United States in 2016 is projecting salary increases by classification are as follows:

Nonexempt Hourly	3.0%
Exempt	3.0%
Officer/Executives	3.1%

The western states in 2016 are projecting salary increases by classification are as follows:

Nonexempt Hourly	3.0%
Exempt	3.0%
Officer/Executives	3.0%

In 2016 the State of New Mexico and Arizona is projecting salary increases by classification as follows:

Nonexempt Hourly	3.0%
Exempt	3.0%
Officer/Executives	3.0%

Navajo Nation Chapter Related Employees  
Recommended Wage Structure  
2016

	Grade	1	2	3	4	5	6	7	8	9	10	11	12	13
	Maximum	\$27,103	\$30,114	\$33,126	\$36,439	\$40,082	\$44,091	\$48,500	\$53,350	\$58,685	\$64,553	\$71,008	\$78,109	\$85,920
	Midpoint	\$23,400	\$26,000	\$28,600	\$31,460	\$34,606	\$38,067	\$41,873	\$46,061	\$50,667	\$55,733	\$61,307	\$67,437	\$74,181
	Minimum	\$19,697	\$21,886	\$24,074	\$26,481	\$29,130	\$32,043	\$35,247	\$38,772	\$42,649	\$46,914	\$51,605	\$56,765	\$62,442
Chapter Positions						Account Maintenance Specialist		Community Service Coordinator		Chapter Manager				
ASC Positions									Accountant		Senior Accountant			Community Development Attorney
								Planner			Senior Planner			

Hourly Rates

Grade	1	2	3	4	5	6	7	8	9	10	11	12	13
Maximum	\$13.03	\$14.48	\$15.93	\$17.52	\$19.27	\$21.20	\$23.32	\$25.65	\$28.21	\$31.04	\$34.14	\$37.55	\$41.31
Midpoint	\$11.25	\$12.50	\$13.75	\$15.13	\$16.64	\$18.30	\$20.13	\$22.14	\$24.36	\$26.79	\$29.47	\$32.42	\$35.66
Minimum	\$9.47	\$10.52	\$11.57	\$12.73	\$14.00	\$15.41	\$16.95	\$18.64	\$20.50	\$22.55	\$24.81	\$27.29	\$30.02

37.7% spread from min-max

10% spread from grade midpoint to grade midpoint

## Navajo Nation Chapter Positions

### Salary Schedule Midpoint

	Minimum			Midpoint						Maximum		
Grade	Step A	Step B	Step C	Step D	Step E	Step F	Step G	Step H	Step I	Step J	Step K	Step L
1	\$19,697.00	\$20,314.17	\$20,931.33	\$21,548.50	\$22,165.67	\$22,782.83	\$23,400.00	\$24,017.17	\$24,634.33	\$25,251.50	\$25,868.67	\$27,103.00
2	\$21,886.00	\$22,571.67	\$23,257.33	\$23,943.00	\$24,628.67	\$25,314.33	\$26,000.00	\$26,685.67	\$27,371.33	\$28,057.00	\$28,742.67	\$30,114.00
3	\$24,074.00	\$24,828.33	\$25,582.67	\$26,337.00	\$27,091.33	\$27,845.67	\$28,600.00	\$29,354.33	\$30,108.67	\$30,863.00	\$31,617.33	\$33,126.00
4	\$26,481.00	\$27,310.83	\$28,140.67	\$28,970.50	\$29,800.33	\$30,630.17	\$31,460.00	\$32,289.83	\$33,119.67	\$33,949.50	\$34,779.33	\$36,439.00
5	\$29,130.00	\$30,042.67	\$30,955.33	\$31,868.00	\$32,780.67	\$33,693.33	\$34,606.00	\$35,518.67	\$36,431.33	\$37,344.00	\$38,256.67	\$40,082.00
6	\$32,043.00	\$33,047.00	\$34,051.00	\$35,055.00	\$36,059.00	\$37,063.00	\$38,067.00	\$39,071.00	\$40,075.00	\$41,079.00	\$42,083.00	\$44,091.00
7	\$35,247.00	\$36,351.42	\$37,455.83	\$38,560.25	\$39,664.67	\$40,769.08	\$41,873.50	\$42,977.92	\$44,082.33	\$45,186.75	\$46,291.17	\$48,500.00
8	\$38,772.00	\$39,986.83	\$41,201.67	\$42,416.50	\$43,631.33	\$44,846.17	\$46,061.00	\$47,275.83	\$48,490.67	\$49,705.50	\$50,920.33	\$53,350.00
9	\$42,649.00	\$43,985.33	\$45,321.67	\$46,658.00	\$47,994.33	\$49,330.67	\$50,667.00	\$52,003.33	\$53,339.67	\$54,676.00	\$56,012.33	\$58,685.00
10	\$46,914.00	\$48,383.92	\$49,853.83	\$51,323.75	\$52,793.67	\$54,263.58	\$55,733.50	\$57,203.42	\$58,673.33	\$60,143.25	\$61,613.17	\$64,553.00
11	\$51,605.00	\$53,221.92	\$54,838.83	\$56,455.75	\$58,072.67	\$59,689.58	\$61,306.50	\$62,923.42	\$64,540.33	\$66,157.25	\$67,774.17	\$71,008.00
12	\$56,765.00	\$58,543.67	\$60,322.33	\$62,101.00	\$63,879.67	\$65,658.33	\$67,437.00	\$69,215.67	\$70,994.33	\$72,773.00	\$74,551.67	\$78,109.00
13	\$62,442.00	\$64,398.50	\$66,355.00	\$68,311.50	\$70,268.00	\$72,224.50	\$74,181.00	\$76,137.50	\$78,094.00	\$80,050.50	\$82,007.00	\$85,920.00

### Hourly Salary Schedule Midpoint

	Minimum			Midpoint						Maximum		
Grade	Step A	Step B	Step C	Step D	Step E	Step F	Step G	Step H	Step I	Step J	Step K	Step L
1	\$9.47	\$9.77	\$10.06	\$10.36	\$10.66	\$10.95	\$11.25	\$11.55	\$11.84	\$12.14	\$12.44	\$13.03
2	\$10.52	\$10.85	\$11.18	\$11.51	\$11.84	\$12.17	\$12.50	\$12.83	\$13.16	\$13.49	\$13.82	\$14.48
3	\$11.57	\$11.94	\$12.30	\$12.66	\$13.02	\$13.39	\$13.75	\$14.11	\$14.48	\$14.84	\$15.20	\$15.93
4	\$12.73	\$13.13	\$13.53	\$13.93	\$14.33	\$14.73	\$15.13	\$15.52	\$15.92	\$16.32	\$16.72	\$17.52
5	\$14.00	\$14.44	\$14.88	\$15.32	\$15.76	\$16.20	\$16.64	\$17.08	\$17.52	\$17.95	\$18.39	\$19.27
6	\$15.41	\$15.89	\$16.37	\$16.85	\$17.34	\$17.82	\$18.30	\$18.78	\$19.27	\$19.75	\$20.23	\$21.20
7	\$16.95	\$17.48	\$18.01	\$18.54	\$19.07	\$19.60	\$20.13	\$20.66	\$21.19	\$21.72	\$22.26	\$23.32
8	\$18.64	\$19.22	\$19.81	\$20.39	\$20.98	\$21.56	\$22.14	\$22.73	\$23.31	\$23.90	\$24.48	\$25.65
9	\$20.50	\$21.15	\$21.79	\$22.43	\$23.07	\$23.72	\$24.36	\$25.00	\$25.64	\$26.29	\$26.93	\$28.21
10	\$22.55	\$23.26	\$23.97	\$24.67	\$25.38	\$26.09	\$26.79	\$27.50	\$28.21	\$28.92	\$29.62	\$31.04
11	\$24.81	\$25.59	\$26.36	\$27.14	\$27.92	\$28.70	\$29.47	\$30.25	\$31.03	\$31.81	\$32.58	\$34.14
12	\$27.29	\$28.15	\$29.00	\$29.86	\$30.71	\$31.57	\$32.42	\$33.28	\$34.13	\$34.99	\$35.84	\$37.55
13	\$30.02	\$30.96	\$31.90	\$32.84	\$33.78	\$34.72	\$35.66	\$36.60	\$37.55	\$38.49	\$39.43	\$41.31



Navajo Nation  
Chapter Positions Comparisons

Hourly Salary Schedule

Grade	Step A	Step B	Step C	Step D	Step E	Step F	Step G	Step H	Step I	Step J	Step K	Step L	
1	\$9.47	\$9.77	\$10.06	\$10.36	\$10.66	\$10.95	\$11.25	\$11.55	\$11.84	\$12.14	\$12.44	\$13.03	
2	\$10.52	\$10.85	\$11.18	\$11.51	\$11.84	\$12.17	\$12.50	\$12.83	\$13.16	\$13.49	\$13.82	\$14.48	
3	\$11.57	\$11.94	\$12.30	\$12.66	\$13.02	\$13.39	\$13.75	\$14.11	\$14.48	\$14.84	\$15.20	\$15.93	
4	\$12.73	\$13.13	\$13.53	\$13.93	\$14.33	\$14.73	\$15.13	\$15.52	\$15.92	\$16.32	\$16.72	\$17.52	
5	\$14.00	\$14.44	\$14.88	\$15.32	\$15.76	\$16.20	\$16.64	\$17.08	\$17.52	\$17.95	\$18.39	\$19.27	AMS Recommended Range
58	\$11.60	\$11.95	\$12.29	\$12.65	\$13.05	\$13.43	\$13.84	\$14.26	\$14.70	\$15.14	\$15.59	\$16.06	AMS Current Range
6	\$15.41	\$15.89	\$16.37	\$16.85	\$17.34	\$17.82	\$18.30	\$18.78	\$19.27	\$19.75	\$20.23	\$21.20	
7	\$16.95	\$17.48	\$18.01	\$18.54	\$19.07	\$19.60	\$20.13	\$20.66	\$21.19	\$21.72	\$22.26	\$23.32	CSC Recommended Range
62	\$16.36	\$16.84	\$17.35	\$17.88	\$18.40	\$18.95	\$19.52	\$20.10	\$20.71	\$21.33	\$21.87	\$22.52	CSC Current Range
8	\$18.64	\$19.22	\$19.81	\$20.39	\$20.98	\$21.56	\$22.14	\$22.73	\$23.31	\$23.90	\$24.48	\$25.65	Accountant/Planner Recommended Range
63	\$17.82	\$18.33	\$18.89	\$19.47	\$20.04	\$20.65	\$21.27	\$21.82	\$22.44	\$23.12	\$23.81	\$24.54	Accountant/Planner Current Range
9	\$20.50	\$21.15	\$21.79	\$22.43	\$23.07	\$23.72	\$24.36	\$25.00	\$25.64	\$26.29	\$26.93	\$28.21	Chapter Manager Recommended Range/No Current Range
10	\$22.55	\$23.26	\$23.97	\$24.67	\$25.38	\$26.09	\$26.79	\$27.50	\$28.21	\$28.92	\$29.62	\$31.04	Senior Accountant/Senior Planner Recommended Range
65	\$21.18	\$21.81	\$22.34	\$23.02	\$23.71	\$24.41	\$25.16	\$25.91	\$26.67	\$27.49	\$28.30	\$29.14	Senior Accountant/Senior Planner Current Range
11	\$24.81	\$25.59	\$26.36	\$27.14	\$27.92	\$28.70	\$29.47	\$30.25	\$31.03	\$31.81	\$32.58	\$34.14	
12	\$27.29	\$28.15	\$29.00	\$29.86	\$30.71	\$31.57	\$32.42	\$33.28	\$34.13	\$34.99	\$35.84	\$37.55	
13	\$30.02	\$30.96	\$31.90	\$32.84	\$33.78	\$34.72	\$35.66	\$36.60	\$37.55	\$38.49	\$39.43	\$41.31	CDC Attorney Recommended Range
68	\$27.27	\$28.09	\$28.96	\$29.82	\$30.74	\$31.63	\$32.58	\$33.59	\$34.58	\$35.62	\$36.68	\$37.78	Attorney Current Range

**JOB  
TITLE  
LISTING**

**Navajo Nation Chapter Compensation Study:  
Final Report**

**Deliverable:**      *Alphabetical Listing of all positions*

<b>Position Name</b>	<b>Classification</b>	<b>Grade</b>	<b>Minimum</b>	<b>Midpoint</b>	<b>Maximum</b>
Administrative Assistant*	Non-Exempt	5	\$14.00	\$16.64	\$19.27
Account Maintenance Specialist	Non-Exempt	5	\$14.00	\$16.64	\$19.27
Accountant	Exempt	8	\$38,722	\$46,061	\$53,350
Community Development Attorney	Exempt	13	\$62,442	\$74,181	\$85,920
Community Service Coordinator	Exempt	7	\$32,247	\$41,873	\$48,500
Chapter Manager	Exempt	9	\$42,649	\$50,667	\$58,685
Planner	Exempt	8	\$38,722	\$46,061	\$53,350
Senior Accountant	Exempt	10	\$46,914	\$55,733	\$64,553
Senior Planner	Exempt	10	\$46,914	\$55,733	\$64,553

\*Administrative Assistant position at the Certified Chapters is recommended to be retitled to Account Maintenance Specialist based on duties performed. Market for the duties is recommended to be at NE5.



# **COST IMPACT**

### **Cost Impact Summary All Chapter Related Employees**

<b>Breakdown</b>	<b>Total Number of Employees</b>	<b>Below Minimum</b>	<b>Above Maximum</b>	<b>Annualized Cost Impact</b>	<b>Comp Ratio</b>
<b>Administrative Service Center Employees</b>	<b>23</b>	<b>23</b>	<b>0</b>	<b>\$43,860.00</b>	<b>.80</b>
<b>Non-Certified Chapter Employees</b>	<b>152</b>	<b>140</b>	<b>0</b>	<b>\$429,764.60</b>	<b>.77</b>
<b>Certified Chapter Employees</b>	<b>72</b>	<b>20</b>	<b>5</b>	<b>\$63,643.80</b>	<b>.94</b>
<b>Total</b>	<b>247</b>	<b>183</b>	<b>5</b>	<b>\$537,268.40</b>	<b>.82</b>

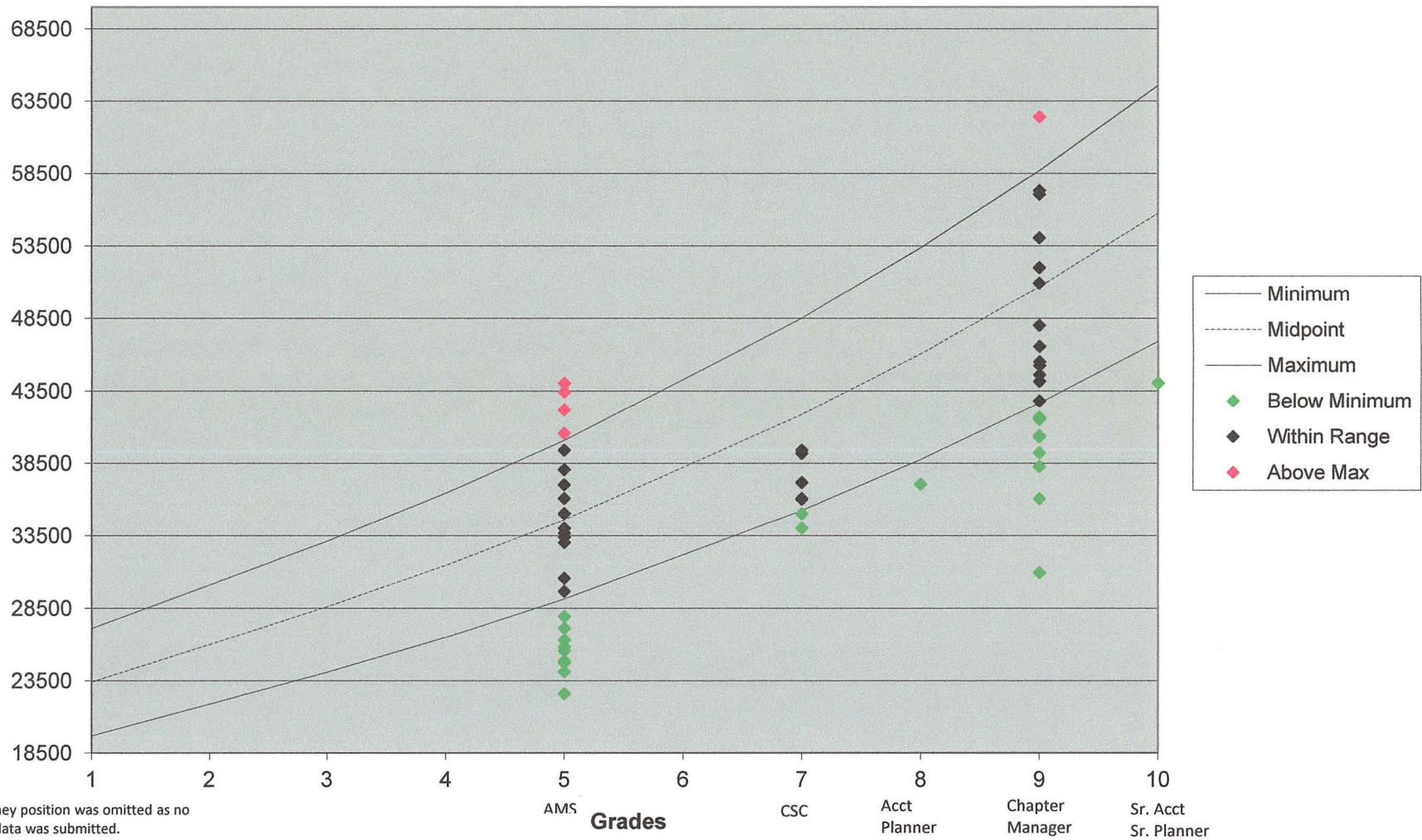
The Non-Certified Chapter Employees and Administrative Service Center Employees will have 93.14% of employees below minimum of the pay range and no employees over maximum. The annualized cost for the 163 employees to move to the new minimum of the wage structure is \$473,624.60. This does not include any benefit costs.

The Certified Chapter Employees will have 27.77% of employees below minimum of the pay range and 6.94% of employees above maximum of the pay range. The annualized cost for the 20 employees to move to the new minimum of the wage structure is \$63,643.80. This does not include any benefit costs.

For all employees, the cost impact data indicates that Navajo Nation will have an average comp ratio of .82. An average comp ratio of 1.00 indicates that the employees are sitting at their respective midpoints in the wage structure. Navajo Nation will have 74.09% of employees below the minimum of the pay range and 2.02% of employees above maximum of the pay range.

The annualized cost for the 183 employees to move to the new minimum of the wage structure is \$537,268.40. If all employees are moved to the minimum of the wage structure with a one-time implementation, the percentage to payroll is 6.54% for base pay. This does not include any benefit costs.

## Navajo Nation Chapters Compensation Highway All Chapter Related Employees



\*Attorney position was omitted as no salary data was submitted.



# **IMPLEMENTATION**

## Navajo Nation Chapter Compensation Study: Final Report

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**Deliverable:** *Provide recommendations for implementation of 2016 Compensation Program*

Navajo Nation Chapter's Compensation Program exists to support the overall goals and objectives of the organization. The proposed structure will ensure that the organization remains competitive within the labor market while meeting the financial objectives of the organization.

In addition to the proposed structure for the 2016 wage structure, Valliant Consulting Group (VCG) proposes the following outline for implementation of the wage structure:

1. *Determine if it is economically feasible to implement the proposed adjustment for the 2016 updated wage structure (see Cost Impact submitted by VCG). For purposes of this report, VCG will assume it is feasible to implement.*
2. *Determine method of addressing the employees who are below minimum of the adjusted wage structure.* There are currently 183 employees who fall below the minimum of the proposed pay structure. There are several options for addressing employees whose salary is below the minimum:
  - a. Increase employee's salaries to the minimum of the pay range at an established date in the future, i.e. February 1, July 1, etc.
  - b. Increase employee's salary to the minimum of the pay range upon an employee's anniversary date, or at the time of a scheduled performance review.
  - c. Increase regular employee's salary to the minimum of the pay range when structure is implemented and increase temporary and probationary employee's salary to the minimum at the end of their probationary period.
  - d. Increase all employees who are below minimum when a new employee is hired at or above minimum in that position.
  - e. Design a phased in approach to get an employee's salary to the minimum of the pay grade, i.e. up to 5% now, up to 5% in six months, etc...
  - f. Allow each Chapter/department to establish the date of salary increases for their employees who are below minimum based on Chapter budgets.

The cost of full implementation at one time is \$537,268.40 for base pay. Additional costs due to taxes and benefits need to be considered when deciding upon the implementation plan and the financial ability of the Navajo Nation.

## Navajo Nation Chapter Compensation Study: Final Report

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VCG recommends implementing the new wage structure at an established date in the future in order to be consistent as an organization and to support the compensation philosophy.

It is the desire of the Navajo Nation to pay wages that: are competitive with other employers in the labor market; reward employee performance; and operate within the financial resources of the organization.

Additionally, employees should meet or exceed the requirements and minimum qualification of their position as stated in their job description and relative to market. Navajo Nation should ensure they are receiving market performance for market pay for each individual.

The timing of the implementation for the 2016 adjusted Wage Structure is critical to the success of the implementation.

3. *Address employee's whose salary is above maximum of the 2016 updated wage structure.* There are currently 5 employees whose salary is above the maximum of the proposed salary structure. Any future increases for an employee should not increase base pay above the maximum of the salary structure. For employees that are due an increase that would take them above the maximum, we recommend an increase to maximum and the remaining portion to be paid in a one-time bonus.

We recommend that no employee's salary is taken above the maximum of the pay range in the future.

4. *Establish needed resources to implement the new system.* Consider completion of personnel action forms for all salary adjustments, payroll deadlines, policy updates, employee handbook, budget allocations, etc.
5. *Develop a communication plan for managers and employees to ensure an efficient and effective implementation of the wage structure as well as related policies.* Employees need a full understanding of the system and pay policies affecting their employment. A poor communication plan will result in a negative impact to employee morale.
6. *Continue training program for managers to ensure consistency and support for Human Resources salary administration.* Continue with management training to educate managers on understanding market and how a position is placed in the

## **Navajo Nation Chapter Compensation Study: Final Report**

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wage structure. Allowing managers to pick a grade and wanting HR to “get it there” or to continue to rewrite the job description will undermine a market system. A system that is unable to maintain consistency in market and position evaluation based on actual duties will create inequity and erode the system. It is important in a market driven system that managers use the range from minimum to midpoint for hiring.

### *7. Implementation of Updated Wage Structure for 2016*

#### *8. Compression*

On face value almost all employees are at the same salary for each position which can create compression problems if employees have different length of service in position, qualifications and experiences. Individual cases of salary placement in the range are recommended to be considered on a case by case basis based on the employee’s individual time in position, skills, performance and qualifications.

#### *9. Movement in Wage Structure*

VCG recommendations are to have employee’s salaries within the salary range. Market is set at midpoint of each salary range.

VCG would recommend that the Navajo Nation continue to make progress and move employee’s salaries closer to market where the employees experience, performance and qualifications warrant. There are several options for moving employees through the salary range:

- a) Review each employee’s qualifications and performance and move salary to the appropriate placement in the salary range up to midpoint.
- b) During the employees annual review and increase, add an extra percentage to their increase.
- c) Move employee’s salary based on placement (comp ratio) and length of service. Employees with a low comp ratio (sitting near minimum) and a long length of service in the position would get a larger increase to accelerate their movement in the salary range.
- d) When hiring a new employee, fix any inequities in salary of existing employees based on qualifications relative to the new employee.

#### *10. Wage Structure Update*

VCG recommends that every 12-18 months that the pay line is reviewed and the structures moved if appropriate. This will ensure that internal equity with positions and market is maintained.



**REQUEST  
FOR  
REVIEW**

**Deliverable:** *Provide recommendations and outcomes for Request for Reviews.*

- Valliant Consulting Group (VCG) received 17 requests for review and/or requests for changes to job descriptions.
- We received the request to change the Position Number to Class Code and classification to Overtime Code on the job descriptions. Completed. Removed the Department header for each of administration of these chapter related job descriptions. Completed.
- We received two requests to add mapping duties and knowledge into the job descriptions for the Planner and Senior Planner. Completed.
- We received a request to change the title to Chapter Senior Accountant and Chapter Senior Planner. Completed.
- We received a request to place titles onto the Compensation Highway. Completed.
- We received a request to provide verbiage on the cost impact for Chapter Certified and Chapter Non-Certified employees. Completed.
- We received a request to add in Steps A through L into the recommended wage structure. Completed.
- We received a request to add in the current grade for each position as a comparison. Completed.
- We received a request to change the language from Position Description Questionnaire (PDQ) to Position Classification Questionnaire (PCQ). Completed.

# Navajo Nation Chapters - Request for Review

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## Instructions:

- Complete a separate "Request for Review" worksheet for each position.
- Attach any supporting information to the worksheet.
- Make a copy of your worksheet and supporting information for your records.
- Send it to the HR Department by **Tuesday, January 19, 2016.**

1. Job Title to be reviewed: \_\_\_\_\_

Department: \_\_\_\_\_ Division: \_\_\_\_\_

2. What would you like reviewed?  wage grade level  job title  job description

3. What is the desired outcome of this review? \_\_\_\_\_

\_\_\_\_\_

4. Why? \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

5. Please attach any additional information that would assist us in researching your request.

The documents attached are: \_\_\_\_\_

\_\_\_\_\_

6. Is the latest job description you received for this position accurate?  yes  no

If not, what should be changed in the job description? \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Review requested by: \_\_\_\_\_ Date: \_\_\_\_\_

Title: \_\_\_\_\_

Phone number: \_\_\_\_\_

Fax number: \_\_\_\_\_

# **BENEFIT ANALYSIS**



## Navajo Nation Chapter Compensation Study: Final Report

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**Deliverable:** *Review benefit package.*

Valliant Consulting Group (VCG) has conducted a review of the benefit offerings of the Navajo Nation. VCG reviewed the benefit package against National Organizations, Native American Tribes and Pueblos, Casino Organizations, Retail Organizations and State and Federal Government.

VCG concludes that the Nation offers health, dental and vision insurance which they are paying 70% of the premium. The Nation is lagging the market with the 70% of premium coverage. Average market premium coverage is 82%.

VCG concludes that the Nation is leading the market with 13 holiday days per year. The Nation offers a sick leave and annual leave accrual bank. The Nation is leading the market with their leave accruals. Employees achieve a greater number of annual and sick leave days than most of the comparators.

VCG concludes that the Nation is matching the market with Jury Duty pay and National Guard/Reserve Duty Pay.

VCG concludes that the Nation is leading the market in Short Term Disability. The Nation is lagging the market in group life insurance and offers no Long Term Disability, Elder Care or Long Term Care. Comparator organizations typically offer Long Term Disability, Elder Care and Long Term Care.

VCG concludes that the Navajo Nation is leading the market with a pension plan that is 100% employer paid and offering up to a 3% match in the 401(K) plan.

VCG recommend that the organization continue to monitor the market for benefits. Overall the Nation is offering an excellent benefit package that should allow it to recruit and retain employees. The package provides for the health and welfare of employee and provides financial protection for employees in case of retirement or death. The Nation has one of the highest spending ratios compared to the comparators at 37.95% of benefits to payroll (does not include mandatory programs such as social security and taxes).

It is recommended that an annual benefit statement be produced and given to each employee to help them understand the value of their benefits and their Total Compensation provided by the Navajo Nation.

## Navajo Nation Benefit Summary

Benefit	Navajo Nation	National	Tribes	Casinos	Retail	Government
Healthcare	NN pays 70% of premium	\$9,252	\$5,908	\$5,688	\$6,364	\$10,397
Dental	NN pays 70% of premium	\$488 98.8% offer Paid by employer and employee	\$383 100% offer Paid by employers for employee	100% offer Paid by employers for employee	\$434 81% offer Paid by employer for employee	\$525 100% offer Paid by employer and employee
Vision	NN pays 70% of premium	\$113 86.8% offer Paid by employer and employee	100% offer Paid by employer and employee	82% offer Paid by employer and employee	67% offer paid by employee	100% offer Paid by employer and employee
Holidays	13 days	10 days	11 days	6 days	6 days	11 days
PTO Hourly >1 year 1-3 years 4-9 years 10+ years		15 days 18 days 22 days 27 days		15 days 15 days 21 days 25 days		
Sick Leave  0-3 years 3-12 years 12+ years	13 days per year for full time employees 6.5 days per year for part time employees		13 days 16 days 18 days		5 days 10 days 15 days	16 days 20 days 25 days
Annual Leave 0-3 years 3-12 years 12+ years	13/19.5 Days 19.5/26 Days 26/32.5 Days		13 days 17 days 21 days		9 days 11 days 15days	10 days 20 days 25 days
Sabbatical Leave Every seven years	0 days	At specific employers, not benchmarked outside of education	0 days	0 days	0 days	Education 30 days to 365 days

## Navajo Nation Benefit Summary

Benefit	Navajo Nation	National	Tribes	Casinos	Retail	Government
Personal Days	0 days	2 days	4 days	2 days	2 days	3 days
Bereavement Leave	0 days	3 days	3 days	3 days	3 days	3 days
Jury Duty	Full Pay	Full Pay	Full pay	Full Pay	Full Pay	Full Pay
National Guard/ Reserve Duty	No pay	1 week paid Pay Difference between salary and military pay	1 week paid No pay	No pay	No pay	2 weeks Full Pay
Long Term Disability	No coverage	Employer Paid 120 day waiting period 60% payment	Not Offered	Employer Paid 120 day waiting period 60% payment	Employer Paid 120 day waiting period 60% payment	Employer Paid 90 day waiting period 60% payment
Short Term Disability	NN pays 70% Of premium	10 days waiting period Pays 26 weeks or until LTD 60% payment	Not Offered	Not offered	Not offered	10 days waiting period Pays 26 weeks or until LTD 60% payment
Employee Assistance Program	Offered on site but position not filled at this time	Offered	Offered	Offered	Offered	Offered
Domestic Partner Benefits	Not Offered	Offered/ Same sex, different sex, Proof required	Not Offered	Not offered	25% offering Same sex, different sex, Proof required	Offered/Sa me sex, different sex, Proof required

## Navajo Nation Benefit Summary

Benefit	Navajo Nation	National	Tribes	Casinos	Retail	Government
Flexible Schedules	Offered with Approval	Some flex	Some Flex	Some flex	Some flex	Variable/Flex/Compress
Group Life Insurance	Employer pays 70% of premium	Employer pays 1X	Employer pays 1X	Employer pays 1X	Employer pays 1X	Employer pays 1X
401K	15% max contribution .50 cent match for each dollar up to 3%	15% max contribution Match for first 5% 50% match on contribution	15% max contribution 100% Match for first 4%	15% max contribution 100% Match for first 3%	15% max contribution Match for first 4% 50% match on contribution	15% max contribution Match for first 4% 50% match on contribution
Defined Benefit	Offered 100% employer funded	9.3% of companies offering Employer funded	25% of companies offering	Not Offered	7.1% of companies offering Employee/ Employer funded	100% offered Employee/ Employer funded
Profit Sharing	Not Offered	12% of companies offering	Not Offered	Not Offered	Not offered	Not offered
Long Term Care	Not Offered	31.7% offer Paid by employee	Not Offered	Not Offered	46.2% offer Paid by employee	52.6% offer Paid by employee
Flexible Spending Plans/Pretax	Not Offered	97% offer	Not Offered	Not Offered	94% offer	100% offer
Elder Care	Not Offered	14.1% offer	Not offered	Not Offered	Not offered	Not offered
Educational Assistance	Offer Educational Leave unpaid for 1 semester	89% offer	85% offer	70% offer	87% offer	95% offer
<b>Percent to Payroll</b>	<b>37.95% to Payroll</b>	<b>28% to Payroll</b>	<b>31.9% to payroll</b>	<b>26% to Payroll</b>	<b>27% to Payroll</b>	<b>37.5% to Payroll</b>



**POLICY  
AND  
PROCEDURES**

## Navajo Nation Chapter Compensation Study: Final Report

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**Deliverable:** *Provide recommendations to ensure consistency with implementation of 2016 Chapter market wage structure.*

Valliant Consulting Group (VCG) has reviewed the Navajo Nation Personnel Policies Manual, Section VII, Salary and Wage Administration.

We challenge all organizations to ensure that the policies and procedures outlined in the manual be consistent practice in the organization. If some of the policies or procedures outlined are not consistent practice in the organization, the manual would not be a legally defensible document and we would recommend removal of any policies/procedures that are not consistent practice in the organization.

In reviewing the manual in relation to the 2016 market compensation study, VCG would recommend the following:

*Salary Administration:* Section C; Number 1:

Each position in the Navajo Nation government is evaluated using a classification system and is assigned a pay grade which establishes the value of the position based on market and in relation to other positions within the Navajo Nation government.

*Salary and Wage Administration:* Section D; Number 1

Each position shall be reviewed by Department of Personnel Management, classified, and assigned to a grade within the pay structure that reflects market and an equitable value relative to other positions.

New Number 6.

The Department of Personnel Management will recommend an adjustment to the Wage Structure every two years to remain competitive with market based upon the financial availability of the Nation.

*Pay Adjustments:* Number 5

Each year the Department of Personnel Management will recommend a General Wage Adjustment. The effective date will be determined by the Department of Personnel Management. All employees below the maximum of the pay range will receive that same percentage adjustment, with the exception of those whose pay rate exceeds the maximum step of the assigned pay range. Employees at the maximum of the pay range may receive the General Wage Adjustment in a lump-sum payment if approved by the Nation. The General

## **Navajo Nation Chapter Compensation Study: Final Report**

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Wage Adjustment does not impact the eligibility date for employee step increases.

### **Final Policy Comments**

A determination needs to be made on whether Certified Chapters will follow the same salary policies as the Nation. If not, a separate policy manual should be developed to maintain consistency across the Chapters.

VCG has made these recommendations according to commonly accepted practices with human resources. We recommend that the Navajo Nation review Policies and Procedures for consistency with the new market structure. The Personnel Policies Manual content should be reviewed by internal or external legal representation.

# **SENSITIVE POSITIONS**

## Navajo Nation Chapter Compensation Study: Final Report

**Deliverable:** *Review criteria for Sensitive Positions and make recommendations*

The Navajo Nation Chapter's have set forth criteria on when to designate a position as a Sensitive Position. Valliant Consulting Group (VCG) reviewed the Account Maintenance Specialist, Community Service Coordinator and Chapter Manager positions relative to the criteria. We found four relevant criteria that apply to these positions based on their duties and responsibilities.

Criteria 3: Having responsibility for money, receipts and/or disbursements of negotiable instruments, e.g. money, checks and property disbursements.

Criteria 6: Having responsibility for the safety and security of Navajo Nation property.

Criteria 7: Having routine access to security control and key systems.

Criteria 9: Having access to or responsibility for confidential information or sensitive data, medical records, including data protected by federal, state or Navajo Nation law or to critical data processing systems.

### Review

Position	Job Summary and Responsibilities	Criteria Met	Recommend for Sensitive Position
Account Maintenance Specialist	<p>Performs semi-skilled basic accounting and clerical tasks of moderate difficulty through the technical application of bookkeeping principles and practices for the accurate maintenance of financial accounts.</p> <ul style="list-style-type: none"> <li>• Performs calculating, posting, and verifying financial transactions for use in financial records according to established policies and procedures.</li> <li>• Position has access to money, receipts and posts all transactions into systems. Position is responsible for AP, AR, Travel, Posting and Reconciliation.</li> </ul>	3,6,7,9	<p>This position has access to cash and the financial record keeping system.</p> <p>We recommend this position be designated as a Sensitive Position.</p>



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<p>Community Service Coordinator</p>	<p>Assists elected officials and Chapter members in planning and implementing local economic and community development projects.</p> <ul style="list-style-type: none"> <li>• Position monitors Chapter property, buildings, head start, fencing, solid waste, heavy equipment, to ensure safe conditions for staff and general public.</li> <li>• Position monitors and administers Chapter program/project revenues and expenses; may develop or participate in the development of funding proposals and budgets.</li> <li>• Completes cash deposits for Chapter.</li> </ul>	<p>3,6,7,9</p>	<p>This position has the responsibility for cash, finances and has access to community and tribal member confidential data.</p> <p>This position fills in and supervises the AMS.</p> <p>We recommend this position be designed as a Sensitive Position.</p>
<p>Chapter Manager</p>	<p>Plans, organizes, administers and directs all functions of the Chapter. Ensures the Chapter operates in accordance with contractual requirements and applicable laws, regulations, policies and procedures.</p> <ul style="list-style-type: none"> <li>• Position oversees, manages, and administers all procurement, personnel and fiscal management for the Chapter.</li> <li>• Position prepares and administers the annual budget; presenting and justifying budget recommendations to appropriate personnel.</li> <li>• Position has signature authority on all Chapter issued checks.</li> </ul>	<p>3,6,7,9</p>	<p>This position has full access over purchasing, contracts, personal and fiscal operations and systems for the Chapter.</p> <p>We recommend this position be designed as a Sensitive position.</p>

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	<ul style="list-style-type: none"><li>• Positions seek and secure additional funding and grant monies for continuation and expansion of projects and program services. Ensures compliance and accurate reporting to granting agencies.</li></ul>		
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### Recommendations

VCG recommends that the Account Maintenance Specialist, Community Service Coordinator and Chapter Manager positions be designated as Sensitive Positions and require a limited background check consisting of a credit check, bankruptcy check, tribal, state and federal court record check and a motor vehicle driver's license check. Since the positions do not provide direct child or patient care, we do not recommend a background check that includes fingerprinting.

### Bonding

There are two types of bonds that employers may purchase for an organization; liability bonds or an individual bond by person and position. The most common type of bond for the organization is a liability bond umbrella that would help cover any theft or misdeeds of employees.

While most people can become bonded for a job with no problem, there are some factors that can prevent an individual from being bonded. For example, if they have a criminal history, financial difficulties or poor credit, the employer may have trouble finding a surety company that is willing to bond them. Bonding individuals can create a barrier for employment for some individuals.

### Recommendation

VCG would recommend and it is advisable that the Navajo Nation or Chapters obtain the organization liability bond and ensure that checks and balances are in place to ensure no employee could do misdeeds and that regular financial audits look and report any irregularities.

If the Chapters decide to bond the individual, the Chapter Manager is the only position that we would recommend at this level.

# **QUALIFICATIONS**

## Navajo Nation Chapter Compensation Study: Final Report

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**Deliverable:** *Review minimum qualifications for positions to determine market equivalency requirement*

Minimum qualifications are designed to define the lowest level of qualifications desired for that particular position. Qualifications are comprised of formal education, job experience and soft skills needed to be successful in the position today and in the future. Generally employers and the market rely on job seekers to develop their own skills before joining a company. Schooling demonstrates the person studied theory and passed academic tests. Experience shows that a person is able to put theory into practice. A position can require limited formal education or solid related job experience or both, based on the job responsibilities.

The market indicates that for some positions an equivalency can be applied so that experience can account for the education, or vice versa, an education can account for experience. Positions that have been determined to enable this equivalency are looking for job-related experience or education that provides the necessary knowledge, skills, and abilities to perform the functions of the position successfully. Organizations using equivalencies need to develop strong training programs to ensure employees are successful in the position.

Valliant Consulting Group (VCG) does not find a blanket equivalency for all positions within market-driven systems. When equivalency has been determined that it can be utilized, the education or experience must be directly related to the position. If using equivalencies, it is important that it is directly related, as all experience or degrees are not equal.

Advantages of equivalency for some positions allow more people to be eligible to apply for positions. Disadvantages of equivalency is that people may be hired that are not able to perform the duties of position at the level needed, their learning curve to perform independently may take a long time, and may create internal equity issues.

VCG has reviewed the positions and developed minimum qualifications based on the duties and standard market practices. We have set the qualifications at the minimum level.

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Final Report**

<b>Position</b>	<b>Recommendations</b>
Account Maintenance Specialist	High School Diploma or GED and three years accounting/bookkeeping experience. Accounting or Finance degree can be substituted for experience.
Accountant	Bachelor's Degree in Accounting or Finance and one year experience. Do not recommend a substitution.
Community Development Attorney	JD and two years legal experience; member of the bar. No substitution.
Chapter Manager	Bachelor's Degree in Public or Business Administration and four years administrative and management experience. Recommend experience can be substituted for education at a directly related program manager level with direct supervisor and budget responsibilities; 8 years directly related experience can be substituted for the Bachelor's Degree.
Community Service Coordinator	High School Diploma or GED and three years experience in the area of community and/or economic development. Project coordination and budget experience. Bachelors Degree can be substituted for experience.
Planner	Bachelor's Degree in Community Planning, Architecture, Economic Development, Public Administration, Engineering two years work experience in community planning, mapping, urban planning, social sciences, engineering or related experience. Do not recommend a substitution.
Senior Accountant	Bachelor's Degree in Finance or Accounting and three years work experience in accounting involving financial policy analysis and accounting information systems. Do not recommend a substitution.
Senior Planner	Bachelor's Degree in Community Planning, Architecture, Economic Development, Public Administration, Engineering plus four years work experience in community planning, mapping, urban planning, social sciences, engineering or related experience. Do not recommend a substitution.

# **TRAINING**



## HR Training Wage Structure Maintenance

**Deliverable:** *Training on how to maintain a wage structure.*

Congratulations on moving to a compensation strategy that aligns base compensation with the external market. Now that you have a new system, let's learn how to keep it current to meet your recruitment and retention goals for your organization.

**How to Add New Positions to Wage Structure:** The market based wage structure is a flexible design that allows you to add, change or delete new positions as your organization needs. Each position within the wage structure was assigned a salary range consistent to its average wage within the market place and/or where necessary, whole job comparison.

When a new position is created or an existing positions needs to be up-graded (reclassified), the manager should complete a new job description. The new job description should include:

*Reporting Relationship:* What position does this position report to or supervise.

*Position Summary:* State the general nature, level and purpose of the job.

*Job Duties & Responsibilities:* Include duties that account for more than 5% of the work.

*Minimum Qualifications:* Detail the required education and experience needed to be successful in the position. This is the minimum requirement not what an employee may have.

*Knowledge, Skills & Abilities:* Identify the knowledge, skills and abilities necessary to competently perform the job.

*Working Conditions:* Describe the physical environment in which the work is performed.

Once the job description is accurate and complete, the Human Resources Department will then determine if this position already exists within the wage structure. If not, then they will complete a salary survey by contacting 3-5 of the salary sources. In obtaining comparable salary information, it is important to ensure the description of the position and the qualifications of the position are consistent with the job match in the marketplace. If you find the position requirements do not match to the marketplace, it may require reviewing your internal requirements and making adjustments. You should work with the manager to adjust the minimum requirements to the market norm.

Next, you will want to analyze your salary data and determine its viability. Once the salary data has been obtained, take the average of the salary data to arrive at the market rate. Look at the salary midpoint level and see what grade this would match to. Then compare this job to the current position job descriptions

## HR Training Wage Structure Maintenance

in the same grade. Is there a match? Internal equity? If not, do you need to adjust this position to better meet the needs of internal equity?

**What if there is no salary data for a position:** It is realistic to assume that salary data will not be available for all positions. In order to accurately place positions without any salary data, you will utilize the accurate job description to evaluate the position.

The first step in the process of job evaluation is to determine if the position you are slotting is exempt or nonexempt. Once this determination has been made, determine which job group the position would objectively be placed based on the duties, responsibilities and minimum qualifications.

After this process is complete, review each of the positions in the job group and determine which job would be the closest match to the position you are trying to place. Ask yourself the following questions: which position has the most similar responsibilities? Does this position have similar knowledge, skills and abilities? Does this position have similar minimum qualifications? Once you have determined the position which is the closest match to the position you will be slotting, review the positions in the grade level of your comparison position and review each of the questions again to determine if this grade placement would be a fit for your position.

### **Wage Structure Maintenance**

In order to meet the established goals of maintaining an effective compensation system, the wage structure must be updated on an annual basis, prior to the budget cycle.

Valliant Consulting Group (VCG) recommends two strategies for adjusting your wage structure to ensure it remains competitive:

1. Determine the projected/actual percentage salary structure adjustments among similar organizations.
2. Conduct a Benchmark Survey

**Structure Adjustment Based on Percentage:** The organization can decide to adjust the structure based on the average percentage of other organizations that are similar in size, industry and geographical location. This information may be obtained from a variety of sources to include: BLS Salary Surveys or World at Work.

## HR Training Wage Structure Maintenance

Other factors to consider in adjusting your salary structure is the Consumer Price Index (CPI) and/or your organization's internal budget.

**Conduct Benchmark Survey:** Standard compensation practices recommend that an organization should conduct a benchmark survey, in house or contracted, on an annual basis in order for your pay line to remain externally competitive.

What is a Benchmark Survey?

A benchmark survey matches an internal job to an external job of similar responsibilities, qualifications, knowledge, skills and abilities.

What positions should we select? Benchmark positions are central to the organization and remain internally consistent from year to year as well as externally consistent with positions in the labor market. VCG suggests benchmarking, at a minimum, two positions per grade as well as positions across multiple industries (i.e. not all wireless or gas positions). Benchmark positions should be 25-50% of all positions.

**Where do you acquire market data information:** There are several methods that can be used to acquire market data: purchasing published surveys, participating in surveys, conducting customer surveys, conducting telephone surveys utilizing informal networks or pulling web-based data. How many sources are sufficient? Compensation experts recommend a minimum of three sources. This will help to avoid bias in only using one survey source. You will want to pull information from surveys that include competitors that you compete for employees, similar size, and industries and determine whether local, regional or national data is appropriate. Local data should be used when the employees you are hiring are from the local area. Regional data plus local data should be used when you have to leave the state to recruit, typically for professional and hard to fill positions. National, regional and local data should be used for position that executive and hard to fill positions.

**Obtaining market data:** Review the job summary on the survey and match to the benchmark position. Do not match on title alone as each organization may use titles in a different manner.

Here are some free salary sources for use in acquiring market data:

- New Mexico Occupational Wage Survey – <http://www.dol.state.nm.us>
- New Mexico Local Government Compensation Report sponsored by the New Mexico Municipal League
- Federal Government Jobs- <http://www.usajobs.opm.gov/>
- Telephone Networks/Job Announcements

## HR Training Wage Structure Maintenance

- Association published surveys
- Industry published surveys
- Navajo Nation Enterprises
- US Department of Labor, Bureau of Labor Statistics- <http://www.bls.gov>

Match benchmark positions with comparable positions listed in survey.

**Analyze data:** Review the data obtained for each position and ask these questions:

1. Is there any data points that vary greatly from the other data points? Is so, why?
2. Is there a large number of individual salaries in the data? If not, best not to use.
3. Do I have a representative number of market points to ensure a good match?

**Calculate market rate:** Average the data obtained for each benchmark position. Once you have determined what the market pay rate is for each benchmark position, plot a line through the average pay rates from the lowest to highest. Analyze your new pay line with your current wage structure.

**Determine the adjustment:** After your new pay line has been plotted, the next step is to compare your current pay line to the new pay line and determine what percentage is necessary to achieve the desired competitive position within the labor market. The midpoints of your current wage structure need to be adjusted to reflect the % change. The minimums and maximums will also need to be adjusted to reflect the new midpoint. If the average pay line indicates that a 1.5% adjustment is appropriate, then it is important to determine if this adjustment is feasible within the budgetary process and financial limitations.

**Adjustment:** Once the adjustment has been determined, it is important to determine if an employee falls below the minimum of the new wage structure. If so, they should be adjusted to the minimum of the new wage structure as soon as possible.

### **Final**

All recommendations above are approaches for the market based systems, which are consistent with the wage structure. If at any time the organization chooses to change their compensation strategies of market based, we do not suggest utilizing these strategies. The strategies suggested in this document will assist in ensuring the wage structure remains externally competitive and internally consistent for the employees.