

County of Monterey Board Policy Manual

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I. Purpose

The purpose of the Compensation Philosophy is to promote the County as the employer of choice by providing fair and competitive compensation for its workforce as determined by the defined labor market. The Compensation Philosophy also supports the County's Strategic Plan values of fiscal responsibility and sustainability, vision and leadership, accountability, and commitment to equity and fairness. As part of the County's fiscal responsibility, the impacts of recommended adjustments to base wages must be carefully evaluated to ensure long term sustainability.

The Human Resources Department's Strategic Plan provides that through collaborative partnerships, we will foster organizational excellence in attracting, developing, and retaining a diverse and talented workforce to effectively serve our community. Decisions about compensation must meet the need to maintain appropriate staffing levels, and an engaged and effective workforce, with the County's duty and responsibility to provide high-quality services and programs to the community.

II. Background

This policy is intended to supersede the Compensation Philosophy Policy adopted by the Board of Supervisors on December 7, 2021.

III. Policy

1. County Wide Compensation Philosophy

The County of Monterey is committed to providing its employees with competitive compensation, based upon labor market standards within similar public agencies with similarly situated classifications. It is the intent of the County compensation policy to adjust salary range of a classification if salary is found to be 5% or more behind the labor market average to promote the ability to recruit and retain employees¹. The base wages should also reflect the long-term ability to adjust to labor market changes. The County's ability to maintain the current and long-term fiscal impact shall be considered in determining if any compensation increases will be applied given the County's ability to continue the level and mix of services which may result in long-term fiscal implications.

¹The County will round up to the five (5) percent if the figure is 4.495% or greater.

2. Natividad Compensation Philosophy

Natividad's comparable agencies will be identified based on an individualized review of labor market standards and similar hospital facilities with similarly situated hospital specific classifications. Natividad's base wages shall fall within five percent (5% = - 4.495% with rounding) of the labor market average and the comparable hospital facilities identified to support the hospital's ability to recruit and retain highly qualified employees. Consideration must be given to the current and long-term fiscal ability of Natividad to pay for compensation without compromising Natividad's ability to continue existing service lines for the community and maintain optimal financial reserves for Natividad and the County.

Natividad's compensation philosophy supports the hospital's mission by providing a market- based compensation strategy that facilitates recruitment and retention of the most qualified workforce. The term "hospital specific" refers to nurse, physician, and other classifications that are not generic in nature, but are unique and comparable to a hospital setting. These classifications require levels of knowledge, skills, and abilities that ensure patient, visitor, and employee safety, high quality outcomes consistent with clinical quality excellence and the community standard and are critical to the overall success of hospital operations. For classifications that are not "hospital specific" the County's Compensation Philosophy will be followed. For "hospital specific" classifications the following criteria, but not limited to, will be considered to evaluate hospital specific designation:

- Knowledge and expertise of specific operations, methodologies and/or systems associated with a hospital setting, including laws, codes, standards, and regulations pertinent to the role;
- Thorough knowledge of an area, service line, or patient population/acuity found in hospital settings;
- Licensure or certification as required by regulatory agencies, or contracted services (e.g., requirements to provide Trauma services to the County); and
- Environmental issues specific to a hospital setting.

Natividad may give additional consideration to limitations of the work setting and hospital specific operational needs in consultation with the Human Resources Department.

3. Labor Market Competitiveness

To promote the Human Resources Department's mission to make the County the employer of choice, the goal is to provide labor market competitive wages by setting base wages within five percent (5% = - 4.495% with rounding) of the average of the agencies identified. The County's philosophy is to maintain a competitive compensation package that attracts and retains the highest quality candidates and employees to serve the community while maintaining sound fiscal standards.

The County may consider base wage increases when base wages are greater than five percent (5% = - 4.495% with rounding) below the labor market. Priority consideration will be given to classifications for which the County has experienced significant recruitment and retention issues as identified by the Department Head and approved by the Human

Resources Department. In certain situations, if base wages are above the labor market average adjustments to base wages may be considered.

4. Labor Market Agencies

In evaluating competitive compensation, the County will consider the following criteria when identifying comparable agencies:

- A. Agencies Impacting Recruitment and Retention and Geographic Proximity, as measured by:
 - i. Number of Applications
 - ii. Employee Residency
 - iii. Geographic Proximity
- B. Agency Similarity and Demographics, as measured by:
 - i. Number of Employees (FTE)
 - ii. Size of General Fund Budget
 - iii. Agency Population Served
 - iv. County Hospital (Size, Number of Staffed/Occupied Beds)
 - v. Hospital Trauma Center
- C. Economic Profile of Agency's Region, as measured by:
 - i. Median Income
 - ii. Median Home Price
 - iii. Median Rent
 - iv. Predominant industries (i.e., Agricultural, Hospitality, Government, Educational Institutions, and Trade, Transportation and Utilities).

Additional criteria utilized:

- Agencies utilizing the County of Monterey as a comparator; and
- Agencies' reliability, accessibility, consistency, and responsiveness when conducting classification and wage studies.

For Countywide (non-hospital specific) classifications, the County will compare classification and salary information with the following jurisdictions:

- Counties: Alameda, Contra Costa, San Benito, San Luis Obispo, San Mateo, Santa Clara, Santa Cruz, and Sonoma,
- Cities: Monterey and Salinas.
- If there are no matches, the County will use internal comparisons to set base wages for classifications in the absence of sufficient external data comparisons.

For "hospital specific" classification, Natividad will compare classification and salary information with the following hospitals:

- Alameda Highland Hospital, Contra Costa Regional, Hazel Hawkins Memorial Hospital, Salinas Valley Memorial Hospital, San Mateo Medical Center, and Santa Clara Valley Medical Center.

- A minimum of three matches within the comparable agencies is required in order to establish a market based average salary. In cases where three matches are not found, the following will apply:
 - If there are only two classification matches from any of the comparable agencies listed above, the maximum average salary of the Bay Area Region of the Allied for Health compensation report will be included in the calculation of the market based average salary to establish the third match.
 - If there is one or no matches, the County will apply the maximum average salary of the Bay Area Region of the Allied for Health compensation report along with appropriate internal comparisons to set base wages for classifications.
 - If any of the comparable agencies listed above participate in the Allied for Health compensation report, their compensation data will be excluded from the salary survey sheet to ensure that there is no duplication.

5. Fiscal Responsibility, Long Term Sustainability, and Cost Containment

The County will carefully consider the following factors in considering changes to base wages:

- Recruitment and retention efforts,
- Current and anticipated budgets,
- Organizational priorities,
- Fiscal projections,
- Competing priorities related to the public interest and levels of services provided.

Fiscal responsibility and sustainability require that both the short- and long- term impacts of changes to base wages be carefully evaluated.

6. Survey Methodology-Benchmark Classes

The County surveys a representative collection of County jobs called “benchmark” classes typically used for the purposes of establishing a base wage comparison. Benchmark classes are fully trained and experienced journey level classes with comparable duties readily found in comparable agencies. The journey level is defined as the full working level performing the total range of duties with minimal supervision.

The County uses the maximum monthly salary at the comparable agency. Steps or maximum salary in a range specific for performance or longevity shall not be included for base wage salary comparisons. There must be a minimum of three matches within the comparable agencies in order to establish a market based average salary. If there are no matches, the County will use internal comparisons to set base wages for classifications in the absence of sufficient external data comparisons.

7. Total Compensation Studies

The County of Monterey may conduct total compensation studies in certain instances. In the event a total compensation study is conducted the County will assess how its total compensation package compares to the labor market by conducting targeted surveys of comparable agencies identified.

When reviewing total compensation, the County evaluates compensation factors which include but are not limited to:

- Base wages
- County paid contributions to medical, dental and vision
- County paid life and disability insurance
- County paid retirement contributions
- County special pays by bargaining/employee unit
- County paid leaves including but not limited to holidays, vacation, annual leave, paid time off, sick leave, professional leave, supervisory leave, educational leave, and other paid leave based on bargaining/employee unit.
- Any other special pays, leaves or benefits provided by other agencies but not by the County of Monterey.

8. Internal Comparisons

The County reserves the right to consider internal comparisons when in the best interest of the County. For example, the County uses internal comparisons to set base wages for classifications in the absence of sufficient external data comparisons.

When conducting internal comparisons classifications may be aligned based upon comparable levels of responsibility, span of control and/or complexity of duties. Aligned, means two classes are compensated the same.

The County also strives to maintain appropriate differentials between all levels within the organization when setting base wages.

9. Salary Compaction

Compaction exists where the supervisor/manager salary within the same classification series is not five percent (5%) or greater than the maximum salary of the highest classification supervised. The role of the supervisor/manager involves additional and higher- level responsibilities as well as scope of authority not included in the supervised classifications. Salary compaction has negative impacts on recruitment and retention as employees/applicants may be discouraged from seeking promotions or applying for County positions.

The minimum five percent (5%) spread, between the supervisor/manager classification and the highest classification supervised within the same class series, adheres to the Personnel Policies and Practices Resolution 98-394 Section A.5.1 Salary on Change to Higher Class, which states, that the salary of an employee who is promoted or reclassified to a class having a higher salary range shall be adjusted to the first step of the new salary range or to the next higher step which provides a minimum of five percent (5%) salary increase.

There are some instances where it is not necessary or possible for a supervisor/manager to make more than the highest classification supervised. For example, instances when the subordinate classes require special qualifications as a physician, engineer, or attorney, but the supervisor/manager performs a higher-level administrative policy-making role that does not require the same special qualifications.

IV. Review Date

1. This Policy will be reviewed for continuance by January 24, 2028.

V. Board Action

1. Legistar File No. RES 23-xxx, January 24, 2023.