

# **State Employee Pay Plan Oversight Committee Talking Points**

## **November 3, 2011**

**Kraig Knowlton, Director  
Office of Human Resources  
Department of Administration**

- This project began during the 2006 Legislative Session, as the Legislature was working on funding of the pay plan for State employees.
- After hearing complaints about the pay being provided and concerns about the structure of the State's pay system, the Legislature decided to find out how bad things really were.
- In the summer of 2006, the Legislature hired the Hay Group, which is an international human resources (HR) consulting firm widely recognized for its expertise in compensation matters, to conduct a salary survey on the State's job classifications and make recommendations for improvements to the State's system based on their findings.
- The Hay Group conducted their survey in the Fall of 2006 and presented their findings to the 2007 Legislature.
- The Hay Group found that, on average, State employees were being paid 9% less than employees performing similar duties in other public and private employers within the State of Kansas, as well as seven surrounding States.
- The Hay Group's survey found that many classifications were over 20% behind market, with some nearly 40% behind what other employers were paying.
- Based on this information, the Legislature authorized the formation of a Commission consisting of representatives from all three branches of State government.
- The Commission was charged first with developing a Compensation Philosophy for the State of Kansas before coming up with a proposal to change the way the State of Kansas pays its classified employees.
- The Commission met throughout the Summer and Fall of 2007, reviewing the State's current compensation practices and hearing testimony from employees, representatives from agencies and employee organizations about those practices.
- The Commission also met with a panel of representatives from private sector and other public sector employers and had an opportunity to hear about their compensation systems and advice for the State.
- The Hay Group presented a report to the Commission that proposed to replace the State's current, single step-driven pay matrix with five separate, occupationally-based pay plans in order to recognize and utilize compensation practices which are common within different occupational groups and industries.

- The Hay Group also proposed that the State of Kansas commit to conducting ongoing, annual salary surveys of the State workforce to make sure that the State has timely and accurate data upon which to base compensation decisions.
- Along with the compensation recommendations, the Hay Group also proposed that the State develop and implement a new Performance Management Process to replace the fractured, outdated and often times inconsistent performance review practices that the State had in place at the time.
- It was recommended that all of this change be monitored by a Joint Committee of Legislators and Governor appointees, which would have oversight over the entire process.
- After a review of the information, the Commission voted unanimously to adopt the recommendations of the Hay Group. The proposal was subsequently unanimously adopted by a Joint Committee of Legislators during the 2008 Legislative Session, and finally approved by the Legislature as a whole in 2008 House Bill 2916.
- The five new pay plans proposed to replace the State's current, one-size-fits-all pay matrix are as follows:
  1. Basic Vocational Pay Plan – This is a step plan for classifications that perform structured, routine types of work, with more narrow pay grades but faster progression than the current plan.
  2. General Classified Pay Plan – This plan is a hybrid model with steps up to market and an open range beyond for all classifications that do not fall within the parameters established for any of the other plans.
  3. Management Pay Plan – This plan consists of open pay grades, with movement based on performance and position-in-range for the highest level classified, managerial classifications.
  4. Professional Individual Contributor Pay Plan – This plan consists of an open range model and is for classifications that require an understanding of the principles and theories of a professional discipline normally gained through a college curriculum.
  5. Protective Services Pay Plan – This is a step model for all uniformed officers of the Department of Corrections and Juvenile Justice Authority, troopers of the Kansas Highway Patrol and all law enforcement classifications.
- Based on the advice of the panel of private and public employers, the Hay Group recommended that the State take its time and make sure that implementation was done correctly.
- As a result, the transition to the new pay plans was originally proposed to take place over a five year period, beginning in FY2009.

- In order to make for a more manageable implementation, the classified workforce was divided into three groups, each of which would go through its own separate three-year implementation phase over the course of the overall implementation period.

	<b>FY2009</b>	<b>FY2010</b>	<b>FY2011</b>	<b>FY2012</b>	<b>FY2013</b>	<b>FY2014</b>
<b>Group 1</b>	<b>Preparation &amp; Market Adjustments</b>	<b>Dry Run &amp; Market Adjustments</b>	<b>Final Prep &amp; Market Adjustments</b>	<b>Implement &amp; Market Adjustments</b>	<b>Maintain</b>	<b>Maintain</b>
<b>Group 2</b>	Market Adjustments	<b>Preparation &amp; Market Adjustments</b>	<b>Preparation &amp; Market Adjustments</b>	<b>Dry Run &amp; Market Adjustments</b>	<b>Implement &amp; Market Adjustments</b>	<b>Maintain</b>
<b>Group 3</b>	Market Adjustments	Market Adjustments	<b>Preparation &amp; Market Adjustments</b>	<b>Preparation &amp; Market Adjustments</b>	<b>Dry Run &amp; Market Adjustments</b>	<b>Implement</b>

- In the first year of each Group’s three-year implementation, every position in each classification assigned to that Group will be reviewed to make sure that employees are accurately classified, as the lack of pay movement and the State’s poor market position resulted in the State’s classification system being used as the method to provide compensation increases to employees.
- The requirement that the Department of Administration conduct an annual salary survey was aligned with the division of the workforce for implementation, so each Group was scheduled to be surveyed in the first year of its three-year implementation phase.
- This practice started with Group 1 in FY2009 and will continue indefinitely, with each Group being re-surveyed every three years.
- The project also required targeted increases to particular classes, called market adjustments, to prepare those classifications for implementation on the new pay plans.
- These adjustments were not limited to one particular Group, but were provided to classifications from all Groups throughout the overall implementation period in order to move the classifications as close as possible to market before the classification is moved to the new pay plans.
- Another critical component of the Hay Group’s recommendation was the development of a new system of performance management for the State of Kansas.
- At the time the Hay Group made their recommendation, there were 26 different performance evaluation systems in use by different agencies, most of which focused almost exclusively on the evaluation component of the process.

- With assistance from the Hay Group and staff from the Division of Personnel Services, a team of 10 State employees from a diverse group of occupations and agencies that represented all five of the proposed new pay plans met over the course of several months during 2008 to design the components of the State's new performance process.
- A steering committee comprised of seven Cabinet Secretaries, two agency HR Directors and one Senator set the direction of the initiative and reviewed the recommendations of the design team.
- These efforts resulted in the development of the State's Performance Management Process (PMP) which was implemented on October 1, 2009.
- Prior to implementation, staff from D of A conducted train-the-trainer sessions for agency Human Resource (HR) staff who then went on to provide training on the new PMP to supervisors and managers in their own agencies.
- Preparations for implementation continued as scheduled until, in January of 2010, due to the budget situation facing the State of Kansas and the ongoing, additional funding commitments required by the actual implementation of the new pay plans, it was determined to delay implementation by one year.
- We remain at that stage, so implementation has now been delayed for two years.