

STATE OF KANSAS

Proposed Compensation Plans for Classified Employees

This document sets out an overview of that which will be presented in more detail to the next meeting of the Oversight Commission on September 7, 2007.

The proposal is to adopt five pay plans, with each plan addressing the specific occupational issues of the job classes assigned to the plan. The five plans would include:

1. Management Pay Plan – An open range model with movement based purely on performance, for the *management* positions within the classified service.
2. Professional Individual Contributor Pay Plan – An open range model, regulated through the use of zones within the range, for specified *professional individual contributor* (non-managerial and supervisory) scientific, engineering, business professional and IT occupations.
3. Protective Services Pay Plan – A step model for employees in *law enforcement and protective services* positions.
4. Basic Vocational Pay Plan – A step model for *non exempt employees in certain classes* where employees perform very structured routine work.
5. General Classified Pay Plan – A hybrid model with movement based on steps up to market and an open range, regulated through the use of zones, beyond market for the *rest of the classified positions*.

The new system would also feature an enhanced variable compensation program that would be viewed as a part of the overall compensation system, not simply as a supplemental tool.

Recommend the continuation of a Commission, similar to the State Employee Compensation Oversight Commission. The role of the Commission would be to insure that the new system was being administered in accordance with the State's Compensation Philosophy.

Input from all “interested parties” has stressed that the State should not rush into any changes, and should instead make sure that the transition to a new compensation system is done correctly, even if that means taking more time than was originally anticipated. Therefore, we recommend a five-year phased implementation, officially beginning in FY2009.

The classified workforce would be divided into thirds with each group going through a separate three-year implementation.

- The first year of implementation would involve communication to employees and training for managers, as well as reclassification to the new, broader classifications.
- The second year would be a “dry run” using the tools and measures for the new system, but not linking the results to employee compensation.
- The third year would be full implementation.

Group 1 would undergo the three-year implementation from FY2009-2011; Group 2 would be from FY2010-2012; and Group 3 would be from FY2011-2013.

This three year cycle would continue after full implementation, as DPS would conduct market analysis and surveys and evaluate the effectiveness of the plans for each group every three years.

This plan will allow FY2009 and 2010 to be used to align wage rates to market, before 1/3 of the workforce begins receiving compensation under the new plan in FY2011.

Based on the Hay Group's finding that the State is, on average, 9% behind market, the total cost of bringing the classified workforce to market would be \$71.3 million, excluding fringe.

Targeted increases to the occupations and classes most out of market during those three ensuing fiscal years will help to reduce the cost of implementation of the new system.