

# Government of Guam Project Report

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# Table of Contents

- Project Background and Objectives
- Project Methodology
- Project Process
- Current Pay Structure – Unified Pay Schedule
- Current Executive Pay Structure
- Current Other Pay Plans
- Autonomous Pay Plans
- Internal Equity Analysis
- External Competitiveness
  - Base Salary
  - Benefits
- Recommendations
  - Compensation Philosophy
  - Grade Structure
  - Salary Plans
- Estimated Fiscal Impact
- The Path to Implementation

# Project Background and Objectives

## Background

- It has been nearly two decades since the Government of Guam (the Government) last undertook a comprehensive classification, job evaluation and compensation study for positions covered by its Unified Pay Plan, as well as elected and appointed positions.
- Following a competitive bid process, the Government contracted with Hay Group to conduct a comprehensive study that examined whether the current classification, job evaluation and compensation practices were aligned with the Government's mission, vision, values and human resources objectives and redesign the job evaluation and pay plans.

## Objectives

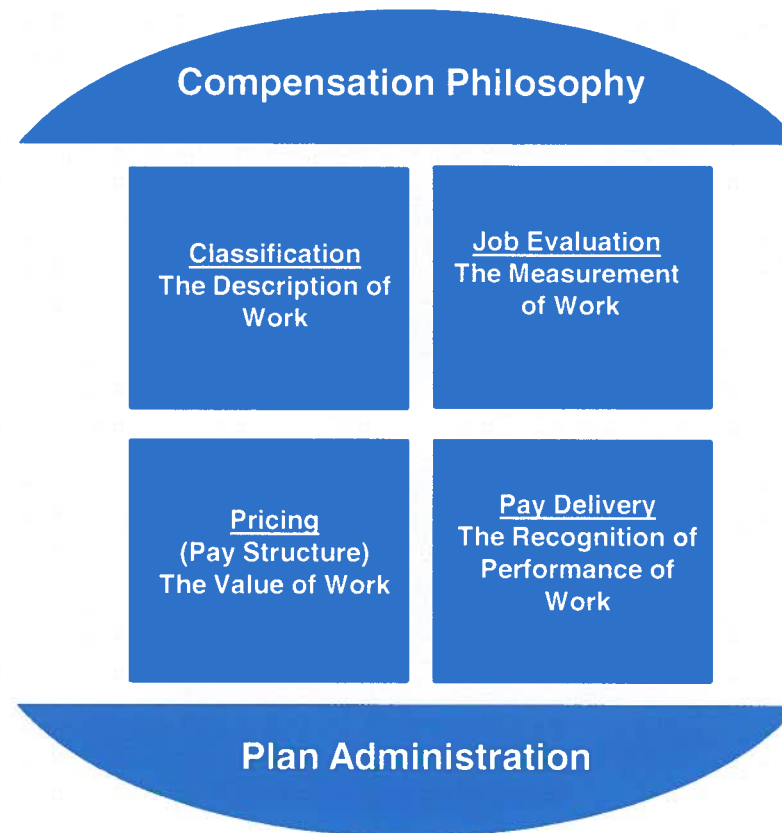
To design and implement a classification, job evaluation and compensation plan that is aligned with the Government's mission, vision, values and culture.

## Project Background and Objectives (cont'd)

### Hay Group has partnered with the Department of Administration (DOA) to achieve the following objectives:

- An assessment of the current “state of play” of the job documentation, classification, job evaluation, compensation and pay delivery mechanisms for the positions covered by this project;
- Allocation of employees to classifications based on an analysis of their *current job content*;
- Established the alignment of positions on an internally equitable manner based on sound principles of job evaluation;
- A compensation study which focuses on relevant comparators as a basis for salary comparison;
- A review of its existing salary structure with recommendations for changes, if necessary, based upon an analysis of internal and external data;
- A review of the competitiveness of the benefits program to determine the extent to which the level of competitiveness of benefits should have an impact on the design of the pay structures;
- Specific recommendations regarding the appropriate level of compensation for all positions;
- Recommendations to update and administer the classification, job evaluation and compensation plan including training in the use of any new aspects of the overall program; and
- A high degree of acceptance of the project process and results through participative partnership and regular communication.

# Project Methodology – The Elements of an Effective Job Evaluation and Compensation Plan



# Project Process

**The project has been an active partnership between the DOA, selected representatives of Agencies, and Hay Group. Steps that have been undertaken include:**

- **Project Planning**
  - Hay Group and the DOA met in March to clarify the scope, agree on the timeline, outline expectations, and assign responsibilities.
- **Development of a Communications Strategy and Platform**
  - To ensure acceptance of the project's outcomes, Hay Group met with key stakeholders and worked with the DOA to disperse information related to the project.
- **Project Management**
  - The formation of the Project Steering Committee and Policy Advisory Committees;
  - Regular interaction with the Government Leadership; and
  - Internal project management by the DOA Project Team.
- **Training the Job Evaluation Committee (and HR staff at the DOA) in Hay Group's Job Evaluation methodology.**

## Project Process (cont'd)

- Installation of JEM (Job Evaluation Manager), Hay Group's proprietary web-based software to aid in the record keeping of all job evaluations.
- Review of job documentation by all employees and warehousing of updated job documents in JEM.
- Evaluation of all positions covered by the scope of the project, using the Hay Group method of job evaluation, the most widely used method of measuring work content in the world.
- Hay Group facilitated the evaluation of approximately 200 benchmark jobs
  - Benchmark jobs were selected using the following criteria:
    - A selection of different levels and functions across the Government;
    - “Journey” or fully-qualified level; and
    - Jobs where data is hard to find.
  - Non-Benchmark jobs were slotted by members of the Job Evaluation Committees.
- Review by Hay Group of the remaining job evaluations in a “sorethumbing” process.
- Review of all job evaluations by Hay Group and the Job Evaluation Committees.
- Definition of market for compensation survey purposes.



## Project Process (cont'd)

- Gathering and analysis of external market salary data and benefits data.
- Analysis of the current Unified Pay Plan and distribution of employees in the current pay plan.
- Analysis of the current Executive Pay Plan, Educator, Nurses, Law Enforcement, Attorneys Pay Plans.
- A review of the work done of Autonomous Agency and Occupational pay plans that have been implemented in recent years.
- Analysis of internal equity.
- Development of Compensation Philosophy.
- Development of a grade structure.
- Development of salary structure options for different pay plans.
- Preparation of a first draft report.
- Preparation of second draft report.
- Preparation of this Project Report.

## Project Process (cont'd)

- As previously noted, this project has been a partnership. At the risk of overlooking the contribution of an employee or employees to this project, Hay Group wants to place on record the contribution made by:
  - The DOA Project management team, Steering Committee, Policy Advisory Committee and the Job Evaluation Committee members for their input and contribution; and
  - The Personnel Services Administrator and staff of the Personnel Services Division who have been untiring in their efforts of reviewing accuracy of data, reviewing and sorting documentation, preparing communications, scheduling meetings, and the like.

# Current Pay Structure – Unified Pay Schedule

## Unified Pay Schedule

- As stated earlier, the Unified Pay Schedule was implemented in 1991. The current structure is set out on the following page and is based on the following:
  - A total of 22 grades (A-V)
    - Within each grade there are 20 steps
    - Step-to-step percentage differences vary in size:
      - % changes between Steps 1-10 varies from 6.25% to 3.5%
      - % changes between Steps 11-20 are 3.5%

\*Note that this total does not include Executive grade levels and grades that were subsequently added by the Government of Guam.

# Current Pay Structure – Unified Pay Schedule (cont'd)

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
A	13990	14865	15739	16614	17488	18188	18887	19587	20286	20986	21721	22481	23268	24082	24925	25797	26700	27635	28602	29603
B	14534	15443	16351	17260	18168	18895	19621	20348	21075	21802	22565	23355	24172	25018	25894	26800	27738	28709	29714	30754
C	15133	16079	17024	17970	18916	19673	20429	21186	21943	22699	23493	24316	25167	26048	26959	27903	28879	29890	30936	32019
D	15840	16830	17820	18810	19800	20592	21384	22176	22968	23760	24592	25452	26343	27265	28219	29207	30229	31287	32382	33516
E	16656	17697	18738	19779	20820	21653	22486	23318	24151	24984	25858	26763	27700	28670	29673	30712	31787	32899	34051	35242
F	17635	18737	19840	20942	22044	22926	23808	24689	25571	26453	27379	28337	29329	30355	31418	32517	33656	34834	36053	37315
G	18723	19893	21064	22234	23404	24340	25276	26212	27149	28085	29068	30085	31138	32228	33356	34524	35732	36983	38277	39617
H	19974	21223	22471	23720	24968	25967	26965	27964	28963	29962	31011	32096	33219	34382	35585	36831	38120	39454	40835	42264
I	21389	22726	24062	25399	26736	27805	28875	29944	31014	32083	33206	34368	35571	36816	38105	39438	40819	42247	43726	45256
J	22942	24376	25810	27244	28678	29825	30972	32119	33266	34414	35618	36865	38155	39491	40873	42304	43784	45317	46903	48544
K	24656	26197	27738	29279	30820	32053	33286	34518	35751	36984	38278	39618	41005	42440	43925	45463	47054	48701	50405	52170
L	26520	28178	29835	31493	33150	34476	35802	37128	38454	39780	41172	42613	44105	45648	47246	48900	50611	52383	54216	56114
M	28678	30471	32263	34056	35848	37282	38716	40150	41584	43018	44524	46082	47695	49364	51092	52880	54731	56646	58628	60681
N	31064	33006	34947	36889	38830	40383	41936	43490	45043	46596	48227	49915	51662	53470	55341	57278	59283	61358	63506	65728
O	33811	35924	38038	40151	42264	43955	45645	47336	49026	50717	52492	54329	56231	58199	60236	62344	64526	66785	69122	71541
P	36850	39153	41456	43759	46062	47904	49747	51589	53432	55274	57209	59211	61283	63428	65648	67946	70324	72785	75333	77969
Q	40352	42874	45396	47918	50440	52458	54475	56493	58510	60528	62646	64839	67108	69457	71888	74404	77009	79704	82493	85381
R	44242	47008	49773	52538	55303	57515	59727	61939	64151	66364	68687	71091	73579	76154	78820	81578	84434	87389	90447	93613
S	48680	51723	54765	57808	60850	63284	65718	68152	70586	73020	75576	78221	80959	83792	86725	89760	92902	96153	99519	103002
T	53720	57078	60435	63793	67150	69836	72522	75208	77894	80580	83400	86319	89340	92467	95704	99053	102520	106108	109822	113666
U	59277	62982	66686	70391	74096	77060	80024	82988	85951	88915	92027	95248	98582	102032	105603	109299	113125	117084	121182	125423
V	65620	69721	73823	77924	82025	85306	88587	91868	95149	98430	101875	105441	109131	112951	116904	120996	125230	129614	134150	138845

## Current Pay Structure – Unified Pay Schedule (cont'd)

### Unified Pay Schedule (cont'd)

- Commentary on the current pay schedule is as follows:
  - It is the understanding of Hay Group that this schedule has not changed since 1991.
  - In addition, it is our understanding that when the salary structure was developed in 1991, it was originally designed with Steps 1-10, with Step 5 being the market target policy position. However, upon implementation, Steps 11-20 were added.
  - Due to the number of steps, the schedule has extremely wide salary ranges (in excess of 200%).
  - The combination of these two factors creates:
    - An uncompetitive pay structure; and
    - Inappropriate positioning of employees on the pay structure relative to the market.

## Current Pay Structure – Unified Pay Schedule (cont'd)

### Executive Levels

- The Unified Pay Schedule also contains six Executive Levels that are used for Agency Heads/Deputies, Elected Officials, and designated Appointed Officials.
- The pay schedule is set out on the following page and places positions into a 3-step structure that tracks specific grades and steps in the Unified Pay Schedule. These steps track with Steps 5, 8, and 10 in the Unified Pay Schedule.
- Grade L6 (lowest Executive job content level) matches Grade Q in the Unified Pay Schedule. Grades L5-L1 then match Grades R-V.
- The Governor and Lieutenant Governor's salaries are set by law at \$90,000 and \$85,000 respectively (they are not slotted into pay grades).
- The most notable design issue with the current Executive pay structure is the lack of alignment with the Unified Pay structure for jobs of similar job content. For example,
  - A job of 830 points, which is in the Unified Pay Structure, has a pay range of \$48,680 - \$103,002 and yet a job of the same points in the Executive pay structure has a pay range of \$55,303 - \$66,364.
- *Put simply, the employee in the Unified Pay Structure has 13 Steps available above the maximum for the Executive for a job of similar job content.*

# Current Executive Pay Structure

## Executive Levels

- The table below shows the Government Executive Pay Levels at each step.

Guam Executive Pay Grade	Pay Steps		
	1	2	3
L1	\$82,025	\$91,868	\$98,430
L2	\$74,096	\$82,988	\$88,915
L3	\$67,150	\$75,208	\$80,580
L4	\$60,850	\$68,152	\$73,020
L5	\$55,303	\$61,939	\$66,364
L6	\$50,440	\$56,493	\$60,528

## Current Other Pay Plans

- In addition to the Unified Pay Plan “general” plan and the Executive plan, there are additional “occupational” plans that have been developed. The reasons for these vary but the most common reason is linked to the fact that the overall Unified Pay Plan has not been reviewed since 1991 and hence, is not responsive to particular market issues for certain occupations.
- Based on employee census data provided by DOA as of January 2010, set out on the following pages is a summary of the employee breakdown by major pay plans within the Unified Pay Plan.



## Current Other Pay Plans (cont'd)

### Incumbent Breakdown by Major Pay Plans

- The table below shows the incumbent breakdown for the 8 current pay plans currently implemented.
- The number of employees covered by these plans is 97.2% of the total number of employees covered by the scope of this project.

<b>Number of Incumbents currently in Unified pay plan</b>	<b>56.4%</b>
<b>Number of Incumbents currently in Educator pay plan</b>	<b>23.7%</b>
<b>Number of Incumbents currently in Law Enforcement pay plan</b>	<b>11.6%</b>
<b>Number of Incumbents currently in Nurse 39% pay plan</b>	<b>0.6%</b>
<b>Number of Incumbents currently in Nurse 44% pay plan</b>	<b>3.4%</b>
<b>Number of Incumbents currently in Allied Health pay plan</b>	<b>0.6%</b>
<b>Number of Incumbents currently in Attorney pay plan</b>	<b>0.7%</b>
<b>Number of Incumbents currently in Executive pay plan</b>	<b>0.6%</b>

## Current Other Pay Plans (cont'd)

### Law Enforcement/Public Safety Pay Plan

- The current plan applies to 66 positions in 11 Agencies, with a total of 1092 incumbents.
- In compliance with Public Law 29-105, as of January 1, 2010, Law Enforcement professionals receive a 20% pay differential from the Unified Pay Scale.
- 2010 is Year #2 of a 4 year phased implementation that proposes a 10% increase each year for 4 years.

### Nursing Pay Plan

- Current Nursing Plan falls into 3 separate pay plans:
  - Nurses who work at GMHA (Guam Memorial Hospital) or MHSA (Mental Health and Substance Abuse) receive a 44% differential from the Unified Pay Scale.
  - All other certified nurses receive a 39% differential from the Unified Pay Scale.
  - Certified Licensed Practical Nurses (LPNs) are slotted into a separate pay plan that applies a varying differential.

## Current Other Pay Plans (cont'd)

### Educator Pay Plan

- Current Plan:
  - Educator Pay Plan currently consists of 2234 incumbents in the Department of Education.
    - Total of 19 positions
    - 2122 of the 2234 incumbents (97.6%) fall into one of the eight classes of Teacher
- Set out below is a table showing the distribution of salary payroll by major pay plans.

<b>Total Payroll \$ (for incumbents assigned to Unified pay plan)</b>	<b>48.3%</b>
<b>Total Payroll \$ (for incumbents assigned to Educator pay plan)</b>	<b>29.3%</b>
<b>Total Payroll \$ (for incumbents assigned to Law Enforcement pay plan)</b>	<b>13.6%</b>
<b>Total Payroll \$ (for incumbents assigned to Nurse 39% pay plan)</b>	<b>1.0%</b>
<b>Total Payroll \$ (for incumbents assigned to Nurse 44% pay plan)</b>	<b>4.5%</b>
<b>Total Payroll \$ (for incumbents assigned to Allied Health 25% pay plan)</b>	<b>0.9%</b>
<b>Total</b>	<b>97.6%</b>

## Current Other Pay Plans (cont'd)

### Educator Pay Plan (cont'd)

- This data shows that the average annual salary for the 4 major pay plans is as follows:
  - Unified Pay Plan                      \$30,528
  - Educator Pay Plan                      \$44,802
  - Law Enforcement Pay Plan            \$42,628
  - Nursing Pay Plan                      \$49,252

# Autonomous Pay Plans

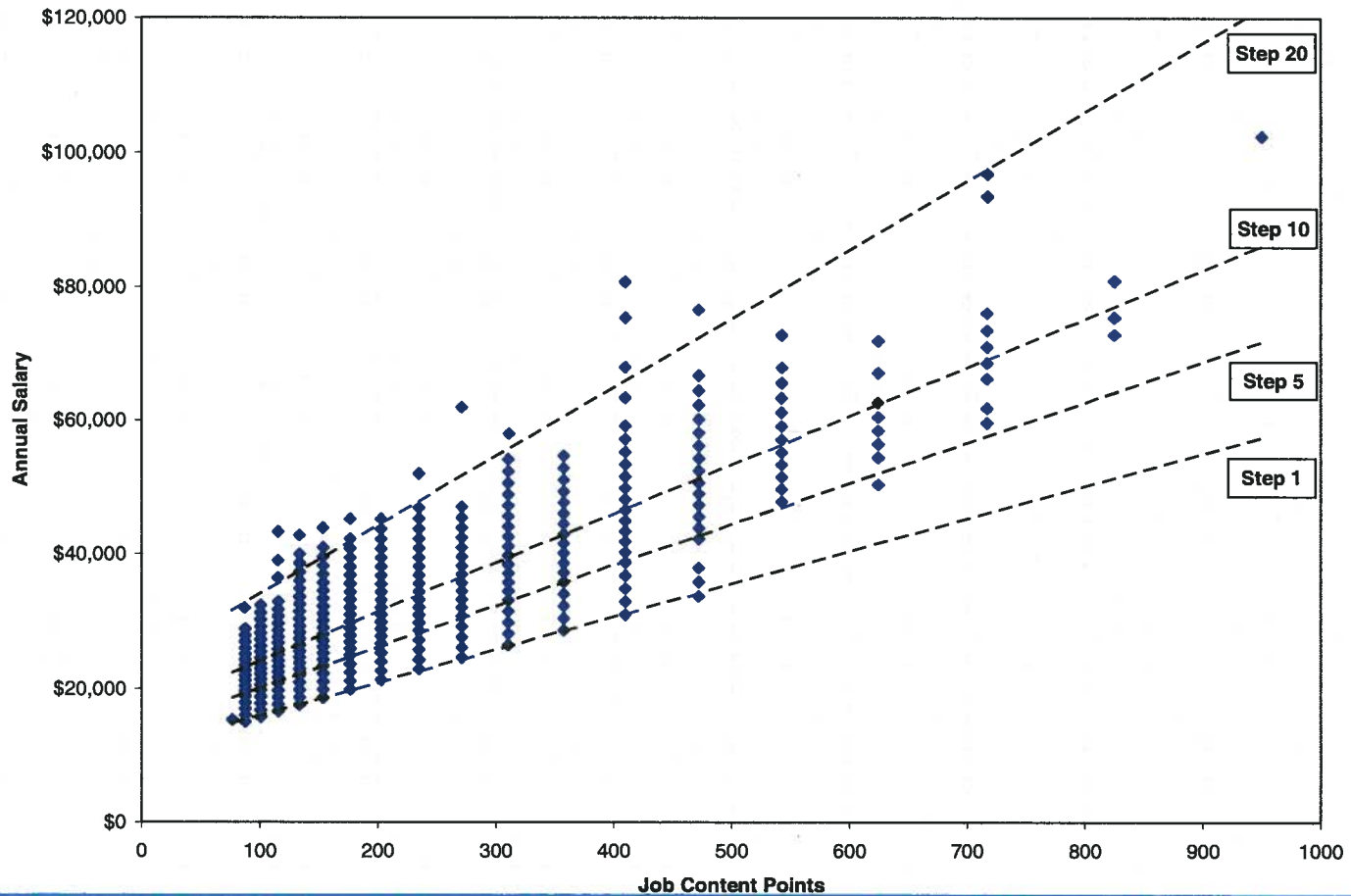
- As an extension to the scope of services, Hay Group was requested by DOA to conduct an analysis of the Autonomous Agency Pay Plans that have been implemented in the past 2-3 years.
- As stated on page 4, the time that has elapsed since the Unified Pay Plan has been reviewed and the market alignment issues this has created has been the main impetus for the development of these plans.
- Extensive analysis of these plans was conducted by Hay Group with the purpose of the analysis being:
  - To understand the design and construct of these plans;
  - To determine the extent to which there is consistency or variance of design;
  - To be able to determine the extent to which these plans are consistent with or variant from recommendations made as contained in this report; and
  - To determine what changes may need to be made to the Occupational Pay Plans and Autonomous Pay Plans to ensure consistency with the Pay Plans that will be adopted as an outcome of this project.
- Commentary on these plans is provided later in this report.

# Internal Equity Analysis

- Internal Equity Analysis shows the distribution of current employee pay within their assigned pay grades based on the job evaluation process outcomes of this project. The analysis is based on the midpoint points for the assigned grade.
- The charts on page 23 shows the distribution relative to Steps 1, 5, 10 and 20 within the assigned pay grade for the Unified Pay Plan.
- Pages 24-26 show the distribution of employees relative to Step 10 for the 4 Pay Plans that cover over 95% of classified employees.
- The significance of the distribution of current employee pay within current salary ranges must be viewed in conjunction with the extent to which current salary ranges are competitive with the market, which is set out on page 30 of this report.

# Internal Equity Analysis (cont'd)

## Unified Pay Plan – Current Salary vs. Current Grade Assignment



# Internal Equity Analysis (cont'd)

## Unified Pay Plan – Current Step Allocation

<b>Number of Incumbents currently in Steps 1-5</b>	<b>31.0%</b>
<b>Number of Incumbents currently in Steps 6-10</b>	<b>30.4%</b>
<b>Number of Incumbents currently in Steps 11-15</b>	<b>31.8%</b>
<b>Number of Incumbents currently in Steps 16-20</b>	<b>6.4%</b>
<b>Number of Incumbents currently above Step 20</b>	<b>0.5%</b>
<b>Totals</b>	<b>100.0%</b>

## Educator Pay Plan – Current Step Allocation

<b>Number of Incumbents currently in Steps 1-5</b>	<b>27.6%</b>
<b>Number of Incumbents currently in Steps 6-10</b>	<b>26.7%</b>
<b>Number of Incumbents currently in Steps 11-15</b>	<b>36.6%</b>
<b>Number of Incumbents currently in Steps 16-20</b>	<b>8.9%</b>
<b>Number of Incumbents currently above Step 20</b>	<b>0.1%</b>
<b>Totals</b>	<b>100.0%</b>



# Internal Equity Analysis (cont'd)

## Law Enforcement Pay Plan – Current Step Allocation

<b>Number of Incumbents currently in Steps 1-5</b>	<b>19.0%</b>
<b>Number of Incumbents currently in Steps 6-10</b>	<b>35.1%</b>
<b>Number of Incumbents currently in Steps 11-15</b>	<b>41.9%</b>
<b>Number of Incumbents currently in Steps 16-20</b>	<b>4.0%</b>
<b>Number of Incumbents currently above Step 20</b>	<b>0.0%</b>
<b>Totals</b>	<b>100.0%</b>

## Nurses 44% Pay Plan – Current Step Allocation

<b>Number of Incumbents currently in Steps 1-5</b>	<b>44.2%</b>
<b>Number of Incumbents currently in Steps 6-10</b>	<b>30.9%</b>
<b>Number of Incumbents currently in Steps 11-15</b>	<b>21.2%</b>
<b>Number of Incumbents currently in Steps 16-20</b>	<b>3.3%</b>
<b>Number of Incumbents currently above Step 20</b>	<b>0.5%</b>
<b>Totals</b>	<b>100.0%</b>

# External Competitiveness

- While classification and job evaluation is concerned with creating appropriate internal equity *within* the Government, external competitiveness is concerned with defining the appropriate market and setting rates of pay that will enable the Government to attract and retain the quantity and caliber of employee it needs to fulfill its mission statement.
- To meet that objective, the following steps in this project component have been undertaken:
  - Developed a benchmark sample of positions to be used for comparative analysis. Approximately 200 Benchmark positions were used.
  - Worked with the Policy Advisory Committee to develop a Compensation Philosophy that identifies the appropriate markets for talent in which the Government competes. In accordance with the current policy as stated in the Government's law, the target policy position sets the market target for compensation at the national average.
  - Analyzed the Government's current salary structure against the market data.

## External Competitiveness (cont'd)

- Data was accessed from a number of sources. These included:
  - Hay Group General Market Database
  - Hay Group Healthcare Database
  - Federal Government GS Pay Scale
  - Book of States - from Council of State Governments Survey
  - Central States Compensation Survey
  - PRM Not-for-Profit Survey
  - National Association of State Auditors Survey
  - Bureau of Labor Statistics Survey
  - Economic Research Institute (ERI) - National Survey
  - The Employers Council 2009 Survey of Wages, Salaries & Benefits among Selected Jobs & Organizations on Guam

# External Competitiveness Base Salary

## External Competitiveness – Base Salary Structure

- As previously stated, the current Unified Pay Structure has not changed for 18 years. This is a most unusual practice in both the Public and Private Sector. The most common practice over that period has been for organizations to move their salary structures, typically on an annualized basis.
- To provide a context within which to show the impact of the lack of salary structure movement on the level of competitiveness of the structure, Hay Group has reviewed the average annual salary structure movement since 1991. It is 3%.
- The table on the following page shows 3% compounded over 18 years.
- *Put simply, without even doing a salary survey, the compounded mathematics as shown on the following page shows that there was an expectation that the analysis would show that the current market target step (Step 5) of the current Unified Pay Structure would be, on an aggregate average basis, 60-70% behind the market.*

# External Competitiveness – Base Salary (cont'd)

Year	Percent	Principal
<b>0</b>	<b>3.0%</b>	<b>100</b>
1		103
2		106.1
3		109.3
4		112.6
5		115.9
6		119.4
7		123.0
8		126.7
9		130.5
10		134.4
11		138.4
12		142.6
13		146.9
14		151.3
15		155.8
16		160.5
17		165.3
<b>18</b>		<b>170.2</b>
19		175.4
20		180.6

## External Competitiveness – Base Salary (cont'd)

- The analysis of the current Step 5 as compared to the market average confirmed the expectation as set out on page 28.
- On average for the Grade spread A-V, the market average is 59% higher than the current Unified Pay Structure Step 5, with the range of 32% higher to 77% higher. For the vast majority of grades, the market average is 55-70% higher than Step 5.
- This analysis should also be seen in the context of the employee distribution by steps as shown in the Internal Equity Analysis section of this report.

# External Competitiveness - Benefits

## Benefits Overview

- Hay Group's review is based on benefits program information provided by the Government in October and November of 2009 for its 2010 FY benefit programs.
- Hay Group used two custom comparator groups consisting of 28 US States and 650 general market organizations contained in Hay Group's Benefits Database.

# External Competitiveness – Benefits (cont'd)

## Summary of Benefits Competitiveness

Benefit Area	Market Comparison	Key Findings
Total Benefits	Below Market	Below market position of retirement and health care benefits weigh heavily in overall benefit program competitiveness.
Death	Below Market	Guam's low flat dollar benefit of \$10,000 is below both market comparator groups, but is closer to market when considering the US States only.
Disability	At Market	Accrual of 13 days up to 40 day maximum is below market; however LTD benefit through defined benefit plan is competitive, although uncommon market practice.
Health Care	Below Market	High deductibles, family out of pocket maximum and family contribution put Guam below both markets.
Retirement	Below Market	Employer contribution of 5% to defined contribution plan is slightly below market median of 6-8%.
Time-Off	Above Market	The number of paid holidays and vacation schedule is slightly above market for both US States and the market.
Other	Below Market	Limited offering of flexible spending accounts and no other benefits is below both US States and general market.



# Recommendations

# Recommended Compensation Philosophy

- It is important that all recommendations be considered within the context of a Compensation Philosophy.
- Accordingly, Hay Group commends the Policy Advisory Committee for the development of a Compensation Philosophy during this project. As a result of that discussion, set out in the following pages are the recommended Compensation Philosophy for approval by the Governor and adoption by the Legislature.

# Recommended Compensation Philosophy (cont'd)

## STATEMENT OF COMPENSATION PHILOSOPHY

### **Umbrella Statement**

The compensation program for Government of Guam employees in the Executive, Judicial and Higher Education Branches of Government will be designed to support the mission of the Government of Guam and the agencies within the Government. The foundation of the compensation program is to attract and retain quality employees with competitive total compensation based on relevant labor markets. The program and its component plans will be based upon principles of fairness and equity and will be administered with sound fiscal discipline. The compensation program will reinforce a productive work climate, a culture of accountability and create the desire in employees to want to progress in their careers with the Government.

### **Component Statements**

The Legislature will be accountable for the adoption of the compensation philosophy and related funding. The Executive Branch through delegated authority from the Governor to the Department of Administration will be accountable for the consistent administration of the program throughout all Branches of Government. Agency Heads will be accountable for proper administration of the program within their Agencies. This will be based on the principle of “centralization of design and standards, and decentralized implementation.”

## Recommended Compensation Philosophy (cont'd)

### Component Statements (cont'd)

The compensation program will be based on consistent principles of fairness throughout the Government, yet will be flexible to meet changing needs. This will allow for multiple pay plans to address different occupational group needs. The Department of Administration will have accountability for the consistency of design of pay plans that may be approved by the Governor or the Legislature. Agency Heads will have flexibility to utilize compensation as a means to have the right employees in the right roles to meet their business and human resources needs.

Establishing the value of compensation will be based both on principles of internal equity as measured by a defensible method of job evaluation and external value as measured by competitive compensation in the relevant market.

All aspects of compensation (base salary, benefits, bonuses and cash allowances) will be considered as a total compensation package for Government employees. The Government's pay programs will utilize both fixed cash compensation as well as non-cash reward and recognition programs.

Total compensation, as defined above, will be targeted at a competitive level when compared to the appropriate labor markets to allow the Government to attract and retain the quality and quantity of employees needed to fulfill its service commitments to its citizens.

## Recommended Compensation Philosophy (cont'd)

### Component Statements (cont'd)

Pay delivery mechanisms will be based on a combination of establishing and maintaining relativity to market, achievement of performance objectives, recognition of differences in job content, service with the Government and the acquisition and application of further skill and education.

The Government is committed to ensuring that its salary structures and rates of pay are up to date through the conduct of market surveys at regular intervals, not less than once every 3 years. There will be a planned approach to ensure that the classification of employees and allocation to grades based on principles of job evaluation is kept current.

The compensation programs will reinforce a work culture and climate where employees are recognized and rewarded competitively as compared to market for achievement of their expected level of contribution. Any changes to compensation must be reasonable and take into consideration both the needs of the Government as an employer and the citizens receiving services from the Government.

## Recommended Grade Structure

- For an organization of the size of the Government, ease of administration of the classification and compensation plan is enhanced if a grade structure is adopted. In addition, it is important that this grade structure is based on the principles of job evaluation used to measure and differentiate job content.
- Based on feedback received from the DOA Personnel team, the current grade structure is allowing for ease of administration for both classification and compensation.
- Set out on the following page is the recommended grade structure, which remains unchanged.

# Recommended Grade Structure (cont'd)

PAY GRADE	HAY POINT RANGE		
	MIN	MED	MAX
X	1553	1669	1786
W	1350	1451	1553
V	1174	1262	1349
U	1021	1097	1173
T	888	954	1020
S	772	830	887
R	671	721	771
Q	584	627	670
P	508	546	583
O	442	475	507
N	384	413	441
M	334	359	383
L	291	312	333
K	253	272	290
J	219	236	252
I	190	204	218
H	165	177	189
G	144	154	164
F	125	134	143
E	108	116	124
D	94	101	107
C	82	88	93
B	72	77	81
A	62	67	71

# Recommended Salary Plans

- In establishing recommended salary structures, it is very important to understand two key concepts:
  - Internal equity; and
  - External competitiveness.
- A pragmatic and practical approach to the creation of salary structures will be based on the appropriate balance of these two important principles.
- In developing salary structures for a large Public Sector organization such as the Government, Hay Group is very mindful of the fact that, given the diverse nature of types of jobs, it is highly unlikely that “one size will fit all.” This fact, combined with not having moved your pay structure for 18 years, has led to the pressure for, and in some cases, adoption of Autonomous Pay Plans and Occupational Pay Plans.



## Recommended Salary Plans (cont'd)

- Based on our initial analysis, we propose to the Government six pay structures:
  - An Executive Pay Structure;
  - A Nurses Pay Structure;
  - A Law Enforcement Officer Pay Structure;
  - An Educator Pay Structure;
  - An Attorney Pay Structure; and
  - A General Pay Structure (the equivalent of the Unified Pay Plan).
- In addition, there will be “rate of pay” positions such as the Governor, Lieutenant Governor and Judges.
- We are aware that actions taken by the Legislature over the past 2-3 years have caused the implementation of pay plans either for Agencies and/or Occupational Groups for some of the pay plans Hay Group is recommending and for Autonomous Agencies.
- Hay Group analysis shows the potential for incorporating such plans back within the “umbrella” of the recommended pay plans.

## Recommended Salary Plans (cont'd)

- While the current compensation philosophy sets the market policy position at the national average, the passage of time as referenced previously in this report and the extent to which the current Unified Pay structure lags the market means that, in the opinion of Hay Group, recommending pay plans that have their market policy position (the midpoint of the ranges) set at the market average would be unaffordable for the Government.
- Several structure options were developed by Hay Group and the recommended pay structures set the midpoints at approximately 15% below the national market average.
- The recommended construct of the ranges is that there will be steps between the range minimum and midpoint and an open range between the midpoint and range maximum.
- Movement through steps will be based on time and performance and movement above range midpoint will be based primarily on performance. This is consistent with the recommended compensation philosophy.

# Recommended Salary Plans (cont'd)

## Recommended General Pay Structure

Grade	Minimum	Midpoint	Maximum
X	\$96,175	\$120,219	\$144,263
W	\$91,595	\$114,494	\$137,393
V	\$86,820	\$108,525	\$130,230
U	\$81,521	\$101,902	\$122,282
T	\$76,188	\$95,235	\$114,282
S	\$70,873	\$88,591	\$106,309
R	\$65,623	\$82,029	\$98,434
Q	\$60,482	\$75,602	\$90,723
P	\$55,488	\$69,360	\$83,232
O	\$49,897	\$62,371	\$74,845
N	\$45,014	\$56,268	\$67,522
M	\$40,762	\$50,953	\$61,143
L	\$37,100	\$46,375	\$55,650
K	\$33,911	\$42,389	\$50,866
J	\$31,076	\$38,845	\$46,614
I	\$28,595	\$35,744	\$42,893
H	\$26,520	\$33,150	\$39,780
G	\$24,729	\$30,911	\$37,093
F	\$23,171	\$28,964	\$34,757
E	\$21,095	\$26,369	\$31,642
D	\$19,040	\$23,800	\$28,560
C	\$17,769	\$22,211	\$26,653
B	\$16,693	\$20,867	\$25,040
A	\$15,716	\$19,644	\$23,573

# Recommended Salary Plans (cont'd)

## Recommended Executive Pay Structure

Grade	Minimum	Midpoint	Maximum
E-X	\$96,175	\$120,219	\$144,263
E-W	\$91,595	\$114,494	\$137,393
E-V	\$86,820	\$108,525	\$130,230
E-U	\$81,521	\$101,902	\$122,282
E-T	\$76,188	\$95,235	\$114,282
E-S	\$70,873	\$88,591	\$106,309
E-R	\$65,623	\$82,029	\$98,434
E-Q	\$60,482	\$75,602	\$90,723
E-P	\$55,488	\$69,360	\$83,232
E-O	\$49,897	\$62,371	\$74,845
E-N	\$45,014	\$56,268	\$67,522
E-M	\$40,762	\$50,953	\$61,143
E-L			
E-K			
E-J			

# Recommended Salary Plans (cont'd)

## Recommended Nursing Pay Structure

Grade	Minimum	Midpoint	Maximum
N-X			
N-W			
N-V			
N-U	\$85,418	\$106,772	\$128,126
N-T	\$79,830	\$99,787	\$119,744
N-S	\$74,260	\$92,825	\$111,390
N-R	\$68,759	\$85,949	\$103,139
N-Q	\$63,373	\$79,216	\$95,059
N-P	\$58,140	\$72,675	\$87,210
N-O	\$52,331	\$65,414	\$78,496
N-N	\$47,258	\$59,073	\$70,887
N-M	\$42,840	\$53,550	\$64,260
N-L	\$38,849	\$48,561	\$58,274
N-K	\$35,373	\$44,217	\$53,060
N-J	\$32,283	\$40,354	\$48,425
N-I	\$29,580	\$36,975	\$44,370
N-H	\$27,263	\$34,078	\$40,894
N-G	\$25,289	\$31,611	\$37,933
N-F	\$23,572	\$29,465	\$35,358
N-E			
N-D			
N-C			

# Recommended Salary Plans (cont'd)

## Recommended Law Enforcement Pay Structure

Grade	Minimum	Midpoint	Maximum
X-LEO			
W-LEO			
V-LEO			
U-LEO	\$84,778	\$105,973	\$127,167
T-LEO	\$79,232	\$99,040	\$118,848
S-LEO	\$73,704	\$92,130	\$110,556
R-LEO	\$68,244	\$85,306	\$102,367
Q-LEO	\$62,898	\$78,623	\$94,347
P-LEO	\$57,705	\$72,131	\$86,557
O-LEO	\$51,893	\$64,866	\$77,839
N-LEO	\$46,615	\$58,269	\$69,922
M-LEO	\$42,030	\$52,538	\$63,045
L-LEO	\$38,090	\$47,612	\$57,134
K-LEO	\$34,665	\$43,331	\$51,997
J-LEO	\$31,628	\$39,536	\$47,443
I-LEO	\$28,977	\$36,221	\$43,465
H-LEO	\$26,756	\$33,445	\$40,134
G-LEO	\$24,839	\$31,048	\$37,258
F-LEO	\$23,171	\$28,964	\$34,757
E-LEO	\$21,095	\$26,369	\$31,642
D-LEO	\$19,040	\$23,800	\$28,560
C-LEO			
B-LEO			
A-LEO			

# Recommended Salary Plans (cont'd)

## Recommended Educator Pay Structure

Grade	Minimum	Midpoint	Maximum
Ed-12	\$74,669	\$93,336	\$112,004
Ed-11	\$67,881	\$84,851	\$101,822
Ed-10	\$61,710	\$77,138	\$92,565
Ed-9	\$56,100	\$70,125	\$84,150
Ed-8	\$51,000	\$63,750	\$76,500
Ed-7	\$45,939	\$57,424	\$68,909
Ed-6	\$43,752	\$54,690	\$65,628
Ed-5	\$40,699	\$50,874	\$61,049
Ed-4	\$38,761	\$48,452	\$58,142
Ed-3	\$36,057	\$45,071	\$54,086
Ed-2	\$34,340	\$42,925	\$51,510
Ed-1C	\$31,765	\$39,706	\$47,647
Ed-1B	\$30,176	\$37,720	\$45,264
Ed-1A	\$28,667	\$35,834	\$43,001

# Recommended Salary Plans (cont'd)

## Recommended Attorney Pay Structure

	Minimum	MPP	Maximum
<b>Attorney Level 5</b>	\$85,950	\$95,500	\$114,600
<b>Attorney Level 4</b>	\$75,780	\$84,200	\$101,040
<b>Attorney Level 3</b>	\$66,600	\$74,000	\$88,800
<b>Attorney Level 2</b>	\$57,375	\$63,750	\$70,125
<b>Attorney Level 1</b>	\$50,825	\$53,500	\$56,175



# Summary of Recommendations

1. Adopt the recommended Compensation Philosophy.
2. Adopt the recommended Grade Structure.
3. Adopt the recommended Pay Plans and Structures.
4. Discontinue the adoption and implementation of further Autonomous Agency Pay Plans.
5. Determine the impact of the recommendations on the existing Autonomous Pay Plans so that a decision can be made on:
  1. Whether they remain separate?
  2. Be modified for consistency with the General Pay Plan?
  3. Be integrated into the General Pay Plan?
6. Initiate a project for the development of an effective Performance Management plan in order to enable the intent of the Compensation Philosophy to be implemented.

# Estimated Fiscal Impact

- This section of the report sets out the estimated fiscal impact of the recommendations set out in this report.
- As should be expected when the Unified Pay Structure has not changed for 18 years, there is a fiscal impact of “bridging an 18 year” gap.
- Fiscal impact is typically in two categories:
  - The cost to bring employees who are below the minimum of the recommended salary ranges to the minimum of those ranges; and
  - Placing employees who are in the recommended salary ranges at the appropriate position in that salary range:
    - For employees whose current salary is between the range minimum and midpoint, this is the cost of placing employees at the next highest step in the new salary range.
- Set out on the following pages is a summary of the estimated fiscal impacts of the recommended salary plans.
- In reviewing these, it is important to get a pragmatic balance between implementing salary plans that are aligned with the Government’s compensation philosophy and affordability. Such a pragmatic balance may mean a multi-year implementation plan may need to be adopted.

## Estimated Fiscal Impact (cont'd)

### Cost to move Employees to the Minimum of Recommended Pay Ranges

Pay Plan	Cost to bring to Minimum of New Range	# of Incumbents below Minimum
General Pay Plan	\$8,417,572	2055
Educator Pay Plan	\$1,571,779	354
Law Enforcement Pay Plan	\$206,790	80
Nursing Pay Plan	\$25,998	24
Attorney Pay Plan	\$208,763	11
Executive Pay Plan	\$336,972	28
<b>Totals</b>	<b>\$10,767,874</b>	<b>2552</b>

# Estimated Fiscal Impact (cont'd)

## Cost to move to next highest step between Range Minimum and Range Midpoint

Pay Plan	Cost to place employee on next highest step	# of Incumbents to make step increases
General Pay Plan	\$1,302,577	2089
Educator Pay Plan	\$593,298	693
Law Enforcement Pay Plan	\$260,088	357
Nursing Pay Plan	\$156,590	186
Attorney Pay Plan	\$14,969	35
Executive Pay Plan	\$19,200	17
<b>Totals</b>	<b>\$2,346,722</b>	<b>3377</b>
<b>Sum total for movement of employees to Range Minimum plus movement to next highest step</b>	<b>\$13,114,596</b>	<b>5929</b>

## Estimated Fiscal Impact (cont'd)

### Cost to move to Midpoint of Recommended Pay Ranges

Pay Plan	Cost to bring to Midpoint of New Range	# of Incumbents below Midpoint
General Pay Plan	\$31,248,381	4144
Educator Pay Plan	\$7,249,949	1047
Law Enforcement Pay Plan	\$2,036,366	437
Nursing Pay Plan	\$1,174,232	210
Attorney Pay Plan	\$419,987	46
Executive Pay Plan	\$1,051,588	45
<b>Totals</b>	<b>\$43,180,503</b>	<b>5929</b>

# Comparison of Autonomous Pay Plans with Recommendations

- As stated earlier in this report, a comparison has been done with the Autonomous Agency pay plans to determine the extent to which these plans show convergence or divergence from the recommendations set out in this report.
- Based on data provided, the analysis was primarily based on the GPA/GWA plans and as the GWA submitted data for only positions for which the incumbents are slotted into the current Unified Pay Plan, the analysis is primarily based in GPA positions.
- This analysis shows the following:
  - There is reasonable consistency between the adopted GPA/GWA pay ranges and recommended General Pay Plan.
  - The GPA/GWA plan is complicated in design as while there are 20 steps, there are 4 sub-steps within each steps, meaning 80 salary steps.
  - The GPA/GWA uses a different job evaluation process and grade structure than what is recommended in this report for all other Pay Plans.
  - The intent of the legislation that created these plans was for CTP (certified/technical/professional) positions only. However, these plans have become Agency plans, not occupational plans in that there are many non-CTP classifications included in the Autonomous Pay Plans.

## Comparison of Autonomous Pay Plans with Recommendations (cont'd)

- In summary, while Hay Group can understand the reason why these plans were created, given the passage of time since the Unified Pay Plan was reviewed, it is the opinion of Hay Group that there is a strong potential for these plans to be incorporated back into the General Pay Plan as recommended in this report.

## Deliverables for Project

- In the Project Scope as set out in the RFP issued by the Government in June 2008, the Government set out its expected work plan and deliverables.
- While the project is not yet finished, the tables on the following pages show the statements from the Government's RFP in the left column and comments on the extent to which these have been achieved in the right column.



# Deliverables for Project (cont'd)

EXPECTED DELIVERABLE	COMMENTS
<p>The Consultant shall develop a projected agenda, timetables and breakdown of estimated costs, and conduct periodic reviews with DOA designated staff and management. The projected agenda and timetables shall include technical and logistical methods and processes for efficient planning, conduct and quality control of the salary study.</p>	<p>Achieved through development of project work plan, timetable, regular meetings and conference calls with DOA and the Project Steering Committee.</p>
<p>Analyze the existing government of Guam pay plans, and position classifications and compensation and compare them to Federal government positions on Guam, the private sector, and nationally.</p>	<p>Achieved through the review of classifications, job evaluations, gathering and analysis of salary and benefits data from multiple sources.</p>
<p>The Consultant shall develop a program to communicate and orientate government of Guam employees of the Position Classification, Compensation and Benefits Study.</p>	<p>Achieved through project communications and training sessions.</p>
<p>Compile an accurate and relevant database to which the government of Guam can compare its classification, compensation and job evaluation policies for all positions.</p>	<p>In process. Will be achieved by the time of implementation through the development of plan policies and procedures.</p>

## Deliverables for Project (cont'd)

EXPECTED DELIVERABLE	COMMENTS
Analyze job content measurements to ensure accurate and equitable comparisons of jobs and grades.	Achieved through review and re-evaluation of the job content of Position Description Questionnaires for approximately 10,000 employees. Utilization of JEM as a technology based tool to store job evaluation data and decisions.
Develop work plans to restore internal pay equity and external competitiveness.	Set out as recommendations in this report.
Recommend how to effectively administer the position classification, compensation, and benefits system.	In process. Will be achieved by the time of implementation through the development of plan policies and procedures.
Review the existing organizational structure of all agencies and if necessary, recommend improvements to meet the overall objective of updating the pay plan.	In process.

## Deliverables for Project (cont'd)

EXPECTED DELIVERABLE	COMMENTS
Fully solicit and consider the input of all interested groups, keeping in mind that the comprehensive study is not intended or designed for collective bargaining.	Achieved to the extent possible for such a comprehensive project.
Evaluate all existing ancillary pay policies in relation to similar jurisdictions such as differential pay, hazardous duty pay, certification pay, time-in-service increments, incentive pay, and other related policies and develop recommendations.	In process. Will be achieved by the time of implementation. Focus has been on “rebuilding the compensation house” before “redesigning the furnishings.”
Evaluate existing benefits (health, life, annual and sick leave) in relation to similar jurisdictions and provide recommendations.	Achieved as part of the comprehensive benefits survey of 28 States and 650 private sector organizations.
Conduct an on-site evaluation of the new position classification and compensation plan for the next three years after implementation; make recommendations for the effective and efficient administration of the new plan.	To be done post-implementation.

# Deliverables for Project (cont'd)

EXPECTED DELIVERABLE	COMMENTS
Provide recommendation on how to merge existing government of Guam Position Classification and Compensation Systems.	Included in the recommendations.
Recommend pay for elected and appointed officials, and develop the method for establishing these salaries. U.S. National average levels and comparable jurisdictions shall be used to develop recommendations.	In process. Data has been gathered ready for discussions with DOA.
Perform other related work conducive to successful implementation of the new position classification and compensation plan.	Done on an as required basis.
Provide deliverable products in hard copy and electronic copy of all relevant data, reports and training materials for reproduction and distribution to DOA staff and management, and applicable computer software, if any.	Done. Implementation of JEM, a web-based tool for job evaluation.
Perform all other work in conformance with the scope of work and essential to the successful implementation of the position classification, compensation and benefits study.	Done on an as required basis.
In the event of requests for review are received from employees, the Consultant may be called upon in the review process to resolve any technical job evaluation disputes.	The process for doing this will be mutually agreed prior to implementation.

# The Path to Implementation

- The presentation and adoption of recommendations does not complete the project.
- The key next steps that were set out in the project include the development of a transition and implementation plan. This includes:
  - A Communication Plan
  - Development of Policies and Procedures for Plan Administration, consistent with the Compensation Philosophy, These will address such items as:
    - The linkage between pay, market and performance
    - Maintenance of salary ranges
    - The reclassification process
    - The job evaluation process
    - Hiring Salaries
    - Salary upon transfer

## The Path to Implementation (cont'd)

- Salary upon promotion
  - Salary upon demotion
  - Add on pay such as differentials
  - Definition of terms
- Hay Group will continue to work in partnership with DOA to move towards the implementation of the recommendations and outcomes of this project.