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MUNICIPALITY OF ANCHORAGE

A CLASSIFICATION AND PAY REVIEW

October 1985

MUNICIPALITY OF ANCHORAGE

A CLASSIFICATION AND PAY REVIEW

TABLE OF CONTENTS

Chapter		Page
	EXECUTIVE SUMMARY	
	Background And Purpose	
	Key Considerations	
	Principal Recommendations	
I	INTRODUCTION	
	Background, Objectives And Scope	I-1
	Approach To The Study	I-2
	Key Considerations	I-4
	Arrangement Of This Report	I-5
II	INTERNAL EQUITY	
	Class Structure Development	II-1
	Evaluation System Design	II-3
	Evaluation System Application	II-6
	Salary Grade Determination	II-7
III	EXTERNAL COMPETITIVENESS	
	Compensation Survey	III-1
	Proposed Executive Plan	III-3
	Proposed Fire Plan	III-4
	Proposed General Government Plan	III-5
	Proposed Joint Crafts Plan	III-6
	Proposed Salary Range Characteristics	III-6
	Fringe Benefits	III-7
IV	ADMINISTRATION AND MAINTENANCE	
	Evaluation Systems Maintenance	IV-1
	Salary Range Updating	IV-2
	Reconcilation Process	IV-3
	Fire, General Government And JCC Salary Administration	IV-3
	Executive Salary Administration	IV-4
	Other Considerations	IV-5
	Implementation Steps	IV-6

Chapter

APPENDIXES

A	Position Questionnaire
B	Executive Evaluation Plan
C	Fire Evaluation Plan
D	General Government Evaluation Plan
E	Joint Crafts Evaluation Plan
F	Salary Survey Results
G	Benefit Survey Results
H	Recommendations By Occupational Category

TABLE OF EXHIBITS

Exhibit		Following Page
II-1	Evaluation Factors And Weights	II-6
II-2	Executive Plan Grade Assignments	II-8
II-3	Fire Plan Grade Assignments	II-8
II-4	General Government Plan Grade Assignments	II-8
II-5	Joint Crafts Plan Grade Assignments	II-8
III-1	Survey Participants	III-2
III-2	Executive Salaries - Comparative Trend Lines	III-3
III-3	Recommended Salary Ranges - Executive	III-4
III-4	Fire Department Salaries - Comparative Trend Lines	III-4
III-5	Recommended Salary Ranges - Fire	III-5
III-6	General Government Salaries - Comparative Trend Lines	III-5
III-7	Recommended Salary Ranges - General Government	III-6
III-8	Joint Crafts Salaries - Comparative Trend Lines	III-6
III-9	Recommended Salary Ranges - Joint Crafts	III-6
III-10	Proposed Range Characteristics	III-10
IV-1	Recommended Pay Plan - Fire	IV-3
IV-2	Recommended Pay Plan - General Government	IV-3
IV-3	Recommended Pay Plan - Joint Crafts	IV-3
IV-4	Recommended Pay Plan - Executive	IV-5
IV-5	Illustrative Merit Adjustment Guidelines	IV-5

EXECUTIVE SUMMARY

- Background And Purpose
- Key Considerations
- Principal Recommendations

EXECUTIVE SUMMARY

This executive summary outlines the background and purpose of the study, key considerations in interpreting the study's results, and summarizes the principal findings, conclusions and recommendations.

BACKGROUND AND PURPOSE

- In February 1985, the Municipality of Anchorage directed Cresap, McCormick and Paget (CMP) to conduct a two-phase review of its classification and pay plans.
  - The first phase, completed in late April, was a review of the police plan.
  - This second phase involved a review of the other pay plans covering designated executive and other non-represented employees as well as employees who are members of the following organizations:
    - o Anchorage Municipal Employee Association (AMEA)
    - o Anchorage Joint Crafts Council (JCC)
    - o International Association of Fire Fighters (IAFF).
- The primary overall objective of the reviews was to ensure internal equity and external competitiveness.
- The study covered all Anchorage employees except employees of the Anchorage Telephone Utility (ATU) and Anchorage Municipal Light and Power (MLP) who are members of the International Brotherhood of Electrical Workers (IBEW), Local 1547.
- This second phase of the study was conducted over the past four and one-half months.
  - Early in the study, position incumbents were requested to complete a questionnaire describing their duties and responsibilities; the information obtained from the completed questionnaires was supplemented by interviews with department heads and a ten per cent sample of employees.

- On the basis of this fact-finding, a new class structure was developed, individual positions were classified, new class specifications were prepared, and all classes were formally evaluated and assigned to salary grades within one of four evaluation plans.

- Using a customized survey of other Alaskan governments, western region cities and Alaskan private employers, salary and benefit data were collected, tabulated and analyzed.

- On the basis of these foregoing tasks, new salary plans have been recommended.

KEY CONSIDERATIONS

- Certain critical factors should be considered in interpreting the applicability and limitations of the study's findings, conclusions, and recommendations.

- First, and foremost, the study did not include any cross comparison of salaries between IBEW members and other Anchorage employees who may perform equal or similar work.

  - Many Municipal employees criticized the omission of such comparisons from this project.

  - Since the consultants were not authorized to study IBEW salaries in comparison with other Municipal positions, no conclusions or recommendations are discussed in this report about the "pay disparaties" alleged by non-IBEW members.

  - This issue, however, will need to be addressed by the Municipality at some future point to resolve the polarization it has caused among employees as well as the erosion of confidence in the administration's objective to identify and eliminate compensation disparaties.

- Second, although the study focused on establishing equity within existing pay plans, some attempt has been made to ensure uniformity within similar occupational fields.

- For example, since a number of non-represented employees and AMEA employees are under common class titles, these groups were evaluated together to ensure uniformity of pay.

- Lastly, the study did not address whether individuals currently designated as executive should remain in that category or be designated as "partially exempt".

  - Although concerns remain that certain executives would be more properly designated as "partially exempt," the study only addressed the proper alignment of the present executive group.

PRINCIPAL RECOMMENDATIONS

Proposed Class Structure

- The proposed classification of positions is based on a set of premises.

  - First, the number of classifications need to be reduced to eliminate, where possible, unnecessary classes.

  - Second, class specifications should be based on actual duties and responsibilities performed, as indicated by the questionnaires and interviews.

  - Third, a classification in a hierarchical series should represent a unique set of duties and responsibilities, readily distinguishable from other classifications in that series.

- On the basis of these premises, classes that contained a significant percentage of positions with duties considered similar to other classes were consolidated with those classes.

  - Moreover, overlapping or redundant classes in a series were combined.

  - Finally, classifications that did not reflect any job now performed in the Municipality were eliminated.

- Overall, the number of classes has been reduced by approximately 25 per cent.
  - A list of individuals in positions recommended for reclassification under the proposed structure has been submitted to the Classification and Pay Division under separate cover.

Proposed Evaluation Plans

- Since the Municipality's work force is composed of a variety of occupational categories recruited from different labor markets and represented by different unions, it was considered appropriate to develop separate salary structures and evaluation plans.
  - Separate evaluation plans better ensure that Municipality salaries are more competitive in relevant labor markets.
- Four salary structures were developed; internal equity was established within each salary structure.
  - The four pay plans are as follows:
    - o Executive
    - o General Government (AMEA members, IAFF clerical members, and other non-represented positions)
    - o Fire (IAFF members and sworn supervisory staff)
    - o JCC.

Executive Pay Plan

- Anchorage executive salaries are generally comparable with the salary levels of the other major Alaskan governments (Fairbanks and the State).
  - However, higher level executive salaries in Anchorage fall below comparable positions in the non-Alaskan governments and the Alaskan companies surveyed.
  - This contrast highlights the compression of Anchorage top management salaries.

- Despite the similarity of Anchorage executive salaries and other Alaskan governments, it appears worthwhile to bring Anchorage executive salaries more in line with the practices of Alaskan companies and the other major non-Alaskan governments surveyed.

  - Anchorage is responsible for performing several revenue-producing activities (including telephone and electric power services), so it must compete with the private sector.

  - The duties and scope of responsibilities of many Anchorage executives are comparable to those of similar positions outside of the State.

Fire Pay Plan

- The Anchorage Fire Department salary levels approximate the salaries of the other major Alaskan fire departments surveyed, but are substantially higher than firefighters' salaries outside of Alaska.

  - The pay differential between Alaskan and non-Alaskan fire departments increasingly narrows at the higher fire department ranks, highlighting pay compression between union and non-unionized supervisory positions.

    o Differences in reported salary ranges at the firefighter levels can be explained only in part by geographic differentials in cost of living.

- Following the same approach advanced in the police review, it does not appear to be in the best interests of the Municipality to abruptly bring fire salaries in line with other departments outside of the State, despite this inexplicable difference in pay levels between other Alaskan and non-Alaskan fire departments.

- A more practical solution in the near term is to allow firefighter salaries to remain in line with Alaskan practices, but to modify these levels as feasible to eliminate the compression that exists at higher ranks.

General Government Pay Plan

- Anchorage salaries generally fall somewhat below all but the non-Alaskan governments at the lower grades but are competitive with all Alaskan employers at the higher grades.

- Like police and fire department salaries, general government salaries greatly exceed the salaries of comparable positions in other governments outside of Alaska because of geographical differences in cost of living and other inexplicable factors.

- The practical solution would be to ensure Anchorage salaries remain competitive with Alaskan employers (private companies and governmental organizations) particularly in the greater Anchorage metropolitan area.

JCC Pay Plan

- Anchorage salaries slightly lead the other Alaskan governments but are substantially below Alaskan private companies.

  - Understandably, Anchorage and all other Alaskan employers offer substantially higher salaries than the non-Alaskan governments surveyed for the reasons noted earlier.

- The proposed solution again is to ensure Anchorage salaries remain competitive with Alaskan employers.

Proposed Benefit Modifications

- The fringe benefits offered to Municipality employees are, on balance, above the benefits offered by the surveyed organizations.

  - Current life, health, and accident insurance policies are at least equal to or better than the surveyed organizations.

  - Anchorage vacation allowance is significantly higher than other governments outside Alaska and better than most other employers within the State.

  - Retirement protection offered to Anchorage non-uniformed employees is on a par with most other government plans; the retirement plans offered to IAFF members is one of the most generous among all the surveyed organizations.

    - In addition, deferred compensation arrangements are as good or better than the plans offered by the surveyed organizations.

- Anchorage employees participate in the most generous longevity pay program of the surveyed organizations.

- It is recommended that the Municipality focus on bringing all benefits more in line with competitive norms; immediate attention should be given to reducing the longevity pay allowances.

This report reviews the classification and pay of employees of the Municipality of Anchorage. This introductory chapter outlines the background, objectives, and scope of the study; describes the approach followed in conducting the review; presents key considerations in interpreting the study's results, and sets forth the arrangement of the report.

BACKGROUND, OBJECTIVES AND SCOPE

- In February 1985, the Municipality of Anchorage directed Cresap, McCormick and Paget (CMP) to conduct a two-phase review of its classification and pay plans.
  - The first phase, completed in late April, was a review of the police plan, specifically the classification and pay plans affecting members of the Anchorage Police Department Employees Association (APDEA) and supervisory sworn ranks within the Anchorage Police Department (APD).
  - The second phase involved a review of the other pay plans covering designated executive and other non-represented employees as well as employees who are members of the following organizations:
    - o Anchorage Municipal Employee Association (AMEA)
    - o Anchorage Joint Crafts Council (JCC)
    - o International Association of Fire Fighters (IAFF).
- The primary overall objective of the reviews was to ensure internal equity and external competitiveness within each plan.
  - More specific objectives were to:
    - o Analyze the responsibilities and duties of incumbents
    - o Classify individual positions to reflect actual duties and responsibilities

- o Update class specifications
- o Develop and apply quantitative position evaluation plans
- o Evaluate all classes to provide equitable allocation of classes within the plans
- o Conduct a survey of salaries and benefits paid to comparable positions in other organizations and, on the basis of the survey, recommend new salary ranges for each plan
- o Document the methodology and results of the study in a report
- o Present the recommended program to management, public officials, employee representatives, and other interested parties.

- The entire study covered all Anchorage employees except employees of the Anchorage Telephone Utility (ATU) and Anchorage Municipal Light and Power (MLP) who are members of the International Brotherhood of Electrical Workers (IBEW), Local 1547.

APPROACH TO THE STUDY

- Early in the study, available documents and data on existing compensation arrangements were assembled and reviewed.
  - These materials included organization charts, class specifications, benefit plans, published salary surveys, and other materials concerning each municipal department.
- Orientation sessions were held with employees to explain the study and distribute position questionnaires.
- Each incumbent was requested to complete a position questionnaire describing the duties and responsibilities of their position.
  - The questionnaire was designed to elicit information about each position, such as:

- o General responsibilities and specific duties
- o Impact of, and accountability for, actions and decisions
- o Working relationships within and outside the Municipality
- o Level of supervisory responsibility
- o Education, skills, and experience required.

- A copy of the position questionnaire appears as Appendix A of this report.
- More than 95 per cent of the employees completed questionnaires.
  - o Completed questionnaires were then filed by the employee's class title in preparation for a structured review.

- Next, interviews were conducted with department managers to obtain information concerning department functions, the relationships of the various positions being studied, and personal views on internal equity and external competitiveness.
  - Interviews were also conducted with a representative sample of employees to further understand their functions, responsibilities, and other factors relevant to their positions.
  - Meetings were also held with union representatives to discuss the study approach as well as any issues they wished to raise pertaining to the project.
  - More than 300 employees were interviewed by the study team, representing a sample of more than ten per cent.
- Using information from the completed questionnaires and interviews, individual positions were classified and new class specifications were prepared.

- Job evaluation plans were designed and applied to various employee categories - Executive, General Government (other non-represented employees, IAFF clerical members, and AMEA members), IAFF members (and other sworn supervisory ranks within the Fire Department), and JCC members.
  - All classes were evaluated using a factor comparison method.
- Simultaneously, a compensation survey was conducted of comparable positions in other public- and private-sector organizations in Alaska as well as in Hawaii and other major western region cities.
  - Survey questionnaires, which included descriptions of benchmark classes, were sent to these outside organizations to obtain salary information.
  - Competitive salary trend lines were calculated on the basis of the survey data collected.
- New salary ranges for each plan were constructed based on competitive trend lines developed through a statistical analysis of the survey data.
- Salary administrative policies and procedures were also developed.
  - Specific procedures were also drafted to relate the salary ranges to performance.
- Finally, this report was prepared to document the study's findings and recommendations.

KEY CONSIDERATIONS

- Certain critical factors should be considered in interpreting the applicability and limitations of the study's findings, conclusions, and recommendations.
- First, and foremost, the study did not include any cross comparison of salaries between IBEW members and other Anchorage employees who may perform equal or similar work.
  - Many Municipal employees criticized the omission of such comparisons from this project.

- Since the consultants were not authorized to study IBEW salaries in comparison with other Municipal positions, no conclusions or recommendations are discussed in this report about the "pay disparaties" alleged by non-IBEW members.

- This issue, however, will need to be addressed by the Municipality at some future point to resolve the polarization it has caused among employees as well as the erosion of confidence in the administration's objective to identify and eliminate compensation disparities.

- Second, although the study focused on establishing equity within existing pay plans, some attempt has been made to ensure uniformity within similar occupational fields.

  - For example, since a number of non-represented employees and AMEA employees are under common class titles, these groups were evaluated together to ensure uniformity of pay.

- Lastly, the study did not address whether individuals currently designated as executive should remain in that category or be designated as "partially exempt".

  - Although concerns remain that certain executives would be more properly designated as "partially exempt," the study only addressed the proper alignment of the present executive group.

ARRANGEMENT OF THIS REPORT

- Following this introductory chapter, this report has three additional chapters and eight appendixes, as follows:

  II - Internal Equity - describes major steps taken to evaluate and grade classes within each plan and to determine salary grade assignments.

  III - External Competitiveness - presents the results of the analysis of compensation survey data for comparable positions and the proposed salary trend lines for each pay plan.

  IV - Administration And Maintenance - discusses steps to administer and maintain the plan.

This chapter presents the principal steps taken in assigning positions to classes and in evaluating and grading proposed classes to ensure internal equity within the various pay plans. It covers class structure development, evaluation system design, evaluation system application, and salary grade determination.

CLASS STRUCTURE DEVELOPMENT

- The proposed classification of positions is based on a set of premises.
- First, the number of classifications need to be reduced to eliminate, where possible, unnecessary classes.
  - There is a perception that more classifications exists than can be justified.
  - The scope of existing classes should be broadened and new classes established to include positions with similar duties and responsibilities.
- Second, class specifications should be based on actual duties and responsibilities performed, as indicated by the questionnaires and interviews.
  - A concern exists that class specifications are very out-of-date and do not accurately reflect the duties and responsibilities of employees.
  - Specifications that inadequately reflect the duties and responsibilities of positions are to be amended.
    - o Existing class specifications for jobs no longer performed are to be eliminated.
    - o Specifications are also to be written to define new classifications.
- Third, a classification in a hierarchical series should represent a unique set of duties and responsibilities, readily distinguishable from other classifications in that series.

- Whenever the duties and responsibilities of two classes overlap, the classification is to be restructured and combined.

Proposed Class Structure

- On the basis of these premises, positions were reviewed to determine whether the duties and responsibilities being performed were:
  - Similar to those performed by other positions in the same class
  - Similar to those performed by positions in other classes
  - Adequately described by the existing class specifications.
- Classes that contained a significant percentage of positions with duties considered similar to other classes were consolidated with those classes.
- Moreover, overlapping or redundant classes in a series (for example, classes used for flex-staffing) were combined.
  - Positions in a class with significantly different duties were grouped under a new classification.
  - Finally, classifications that did not reflect any job now performed in the Municipality were eliminated.
- Overall, the number of classes has been reduced by approximately 25 per cent.
  - Appendixes B through E of this report presents the proposed class structures, which relate proposed class titles to the current class titles.

Class Specifications

- New class specifications were prepared to describe the duties, responsibilities, and qualifications for each proposed class.
  - In most instances, existing specifications were totally inadequate and were completely rewritten from information available from the position questionnaires and interviews.

- Class specifications were also created to define a new class or a totally redefined class.

- Class specifications were prepared for all proposed class titles in each plan with the exception of the executive plan.

  o Since most executive classes are single-incumbent jobs, the duties are most clearly defined by the individual's organizational responsibilities.

- The new class specifications have been submitted to the Municipality under separate cover.

Reclassifying Individual Positions

- To reclassify individual positions, the position questionnaires and interviews were reviewed.

  - A position was assigned to a new class if the work performed by the incumbent was substantially different from the specifications for that class.

- Allocations of individual position reclassifications have also been submitted to the Municipality under separate cover.

EVALUATION SYSTEM DESIGN

- Since the Municipality's work force is composed of a wide variety of occupations recruited from several labor markets and represented by different unions, it was considered appropriate to develop multiple salary structures and evaluation plans.

  - Separate evaluation plans better ensure that Municipality salaries are more competitive in relevant labor markets.

- Four salary structures were developed; internal equity was established within each salary structure.

- The four pay plans are as follows:
  - o Executive
  - o General Government (AMEA members, IAFF clerical members, and other non-represented positions)
  - o Fire (IAFF members and sworn supervisory staff)
  - o JCC.

- Factor ranking was selected as the evaluation method to establish proper internal pay relationships within each salary structure.
  - Factor ranking, a process of comparing and ranking classes on a number of common characteristics or factors, is an established evaluation methodology.

- The remainder of this section outlines the steps involved in developing the evaluation plans.

Selecting Evaluation Factors

- A number of specific evaluation factors, tailored to the characteristics of the classes within each plan, were selected using the following criteria:
  - Each factor selected must measure a significant and distinct characteristic or element of a class with a minimum of overlap.
  - Each factor must apply to all classes to varying extents.
  - The number of factors must be held to a minimum for ease in evaluation and administration.
  - The factors must be derived from an analysis of job content using data derived from the completed questionnaires and interviews.
  - The factors, taken together, must embody all significant characteristics of the classes being evaluated.

- Three evaluation factors were selected for the Executive Plan:
  - Difficulty and Complexibility
  - Impact and Accountability
  - Relationships Responsibility.
- The General Government Plan should have these four factors:
  - Knowledge and Skills
  - Job Responsibility
  - Working Relationships
  - Working Conditions.
- Three evaluation factors were also selected for the JCC Plan:
  - Knowledge and Skills
  - Decisions and Actions
  - Working Conditions.
- Four evaluation factors were selected for the Fire Plan:
  - Knowledge and Skills
  - Job Responsibility
  - Working Relationships
  - Working Conditions.
- Definitions of each of these factors for each plan were prepared for use in the evaluation process.
  - Factor definitions applicable to each evaluation plan are found in the respective appendixes to this report.

Determining Factor Weights

- Evaluation weights were applied to each factor to reflect its relative importance within each plan.
  - Although each evaluation factor is significant in the evaluation process, factors are not of equal importance in measuring the overall value of a class to the Municipality.
- Exhibit II-1, on the following page, shows the evaluation weights (expressed as a percentage of total), which were established for the four evaluation plans.

Computing Evaluation Point Scores

- Next, evaluation point scores were assigned to each level for each factor.
  - The points assigned were computed to reflect the relative weight of each factor.
- Appendixes to this report show points assigned to each factor level for each evaluation plan.

EVALUATION SYSTEM APPLICATION

- Within each evaluation plan, each class was compared and ranked with all of the other classes on each factor - one factor at a time.
  - For this process, the specific definition of the factor was used.
    - o For example, for the factor, Impact and Accountability, each class was ranked as specifically and concretely as possible in terms of the opportunity for the class to effect or influence results and the extent of its decision-making latitude.
  - This process resulted in establishing relative levels or ranks for all classes on each of the factors.

EXHIBIT II-1

Municipality Of Anchorage

EVALUATION FACTORS AND WEIGHTS

Plan	Factors	Weights
Executive	Difficulty and Complexity	35%
	Impact and Accountability	45
	Relationships Responsibility	20
Fire	Knowledge and Skills	40%
	Job Responsibility	40
	Working Relationships	10
	Working Conditions	10
General Government	Knowledge and Skills	40%
	Job Responsibility	40
	Working Relationships	15
	Working Conditions	5
Joint Crafts	Knowledge and Skills	50%
	Decisions and Actions	40
	Working Conditions	10

- Classes considered equivalent were grouped at the same level.
  - Classes grouped at each level reflected a significant degree of difference from the level below and the one above.
  - After grouping the classes, the factor level and its related weighted evaluation points, was recorded for each classification.
  - The same process for assigning ranking levels, was repeated for each of the other factors.
- Factor point assignments for each class are included as appendixes to this report; they can be used in comparing and ranking new or changed classes.

SALARY GRADE DETERMINATION

- After each class was ranked and assigned weighted evaluation points for each factor, evaluation point scores for each class were surveyed to produce a total weighted point score.
  - The total weighted points assigned were reviewed to determine the number of salary grades needed to differentiate among the classes.
- In establishing salary grades, the following criteria were followed:
  - Each grade must include only classes of comparable value.
  - A significant number of grades must be created to cover all organizational and supervisory levels within the Municipality's departments and agencies.
- On the basis of these criteria, various grade structures were tested.

- The number of resulting grade levels in the four salary structures are:

Salary Structure	Number Of Grades
Executive	8
General Government	12
Fire	8
JCC	11

- The assignment of classes to these salary grades is presented in Exhibits II-2 through II-5, following this page.

EXTERNAL COMPETITIVENESS

A primary objective of the project was the development of salary ranges that are externally competitive, so the Municipality of Anchorage can recruit, motivate, and retain capable employees. After completing the classification, evaluation, and grading processes, which established internal equity, CMP developed competitive salary ranges. This chapter presents and discusses the development of the recommended salary ranges for the four proposed pay plans.

COMPENSATION SURVEY

- Competitive pay data was collected using customized surveys of other major Alaskan governments, western region cities, and Alaskan private employers.
  - Benchmark classes were selected on the basis of:
    - o Comparability to other organizations
    - o Representation of various grade levels
    - o Inclusion of a cross section of occupations
    - o Coverage of significant classes with large numbers of employees.
  - Survey participants were selected according to:
    - o Geographic proximity to the Anchorage work force
    - o Functional comparability
    - o Representation of various labor markets
    - o Coverage of various locations within Alaska
    - o Innovative compensation practices.
  - The survey questionnaire included a brief description of the duties and responsibilities of each benchmark class to ensure comparability of job content.

- The survey questionnaire also included questions regarding fringe benefits so competitiveness of overall compensation levels could be assessed.

- The survey questionnaires were mailed to potential survey respondents.

- Forty organizations, listed in Exhibit III-1 on the following page, responded to the survey.

  - The survey participants consisted of:

    - Two major Alaskan governments

    - Nine other major local governments

    - Two federal agencies

    - Twenty-seven other employers (including more than 20 Alaskan companies).

  - Appendix F contains the results of the salary survey for each benchmark class.

- Data provided by organizations participating in the survey were tabulated and studied using computer-based analysis techniques.

  - As responses were received from these organizations, they were reviewed to determine whether the reported salary data were usable.

  - Data not clearly reported or otherwise questionable were clarified by contacting the respondents; information that was not comparable was excluded from the analysis.

- Competitive salary rates were determined for each salary grade in the four pay plans.

  - To determine competitiveness, salary trend lines were drawn for each pay plan for Alaskan governments, other governments, and Alaskan private companies.

    - A "salary trend line" is a mathematical curve portraying the average of the surveyed benchmark salaries at each grade level.

EXHIBIT III-1

Municipality Of Anchorage

SURVEY PARTICIPANTS

Fairbanks, Alaska
State of Alaska

Honolulu, Hawaii
Los Angeles, California
Oakland, California
Portland, Oregon
San Francisco, California
Sacramento, California
Spokane, Washington
Stockton, California
Tacoma, Washington

Alaska Area Native Health Service,
Department of Health and Human Services
Alaska U.S.A. Federal Credit Union

Alaska Railroad Corporation
Anchorage Office Supply
CEA (Chulhen Electric Association)
Dowl Engineers
Duty Free Shoppers Limited
Enstar Natural Gas Company
The First National Bank of Anchorage
Golden Valley Electric Association
Hope Cottages, Inc.
Humana Hospital
Industrial Indemnity
J.C. Penny, Inc.
Marathon Oil Company
Matanuska Electric Association, Inc.
Matanuska Telephone Association, Inc.
National Bank of Alaska
Nordstrom
Port of Bellingham
Port of Sacramento
Port of Tacoma
Providence Hospital
RCA Service Company/OMS Inc.
Setpoint Alaska, Inc.
Yukon Office Supply
Anchorage Community College
USKH, Inc.
Wilder Construction, Inc.

  - o In essence, a salary trend line is the "best fit" of the survey data.
  - o The salary trend lines were calculated using a computer-based mathematical regression program.

- The Executive Pay Plan is based on the survey of Alaskan and non-Alaskan governments and Alaskan companies.
- The General Government Pay Plan is based on the survey of other Alaskan employers (government and private companies).
- The Fire Pay Plan is based on the survey of the other major fire department in Alaska.
- The Joint Crafts Pay Plan is based on the survey of Alaskan employers.

PROPOSED EXECUTIVE PAY PLAN

- As shown in Exhibit III-2, following this page, Anchorage executive salaries are generally comparable with the salary levels of the other major Alaskan governments (Fairbanks and the State).
  - However, higher level executive salaries in Anchorage fall below comparable positions in the non-Alaskan governments and the Alaskan companies surveyed.
  - Conversely, lower level executive salaries in Anchorage are higher than other non-Alaskan governments and Alaskan private companies.
  - This contrast highlights the compression of Anchorage top management salaries.
- Despite the similarity of government executive salaries in Anchorage and other Alaskan governments, it appears worthwhile to bring Anchorage executive salaries more in line with the practices of Alaskan companies and the other major non-Alaskan governments surveyed.

MUNICIPALITY OF ANCHORAGE

EXECUTIVE SALARIES—COMPARATIVE TREND LINES

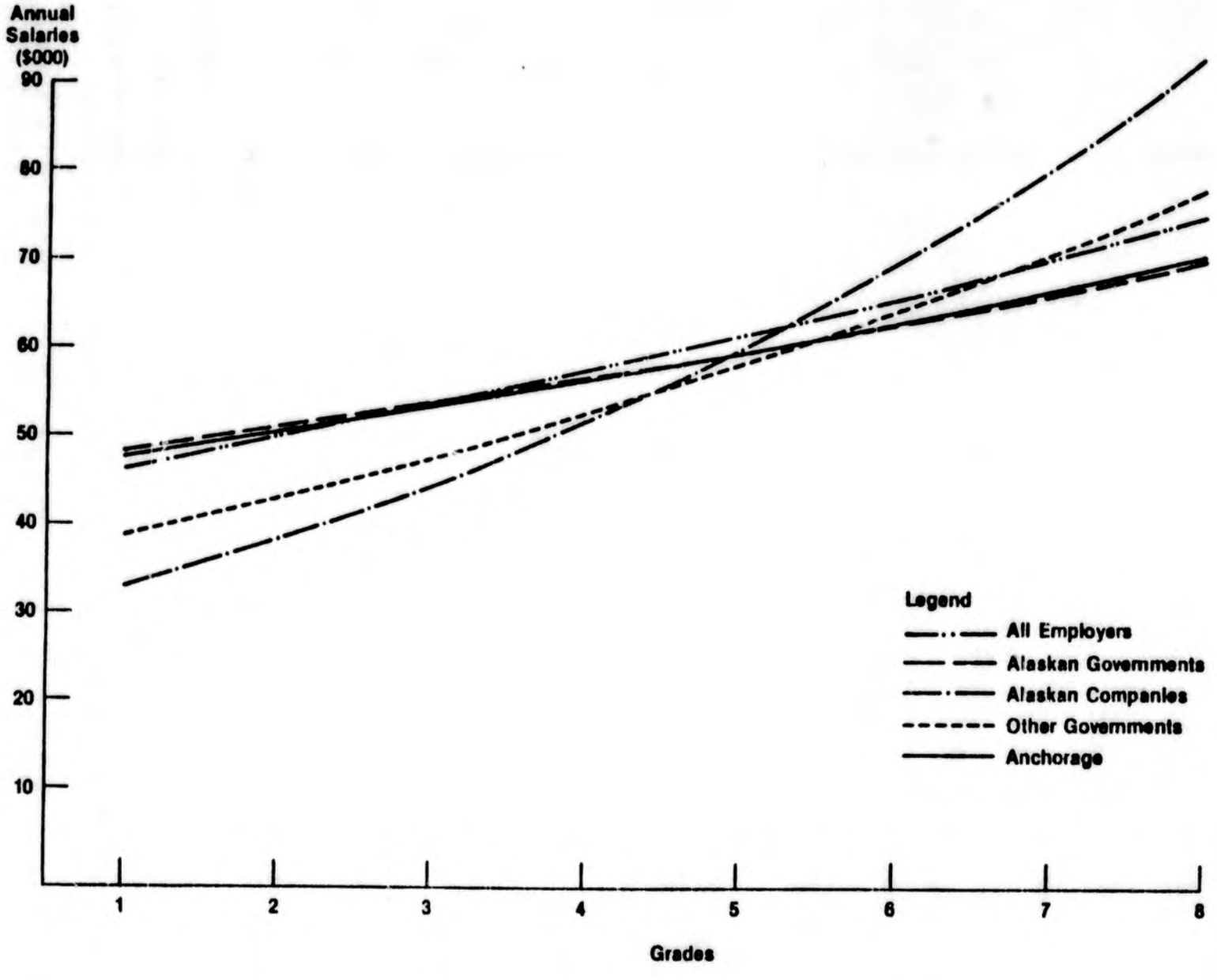

EXHIBIT III-2

- Anchorage is responsible for performing several revenue-producing activities (including telephone and electric power services), so it must compete with the private sector.

- The duties and scope of responsibilities of many Anchorage executives are comparable to those of similar positions outside of the State.

- As such, an All Employer salary trend was calculated giving some weight to Alaskan employers and other non-Alaskan governments.

- As shown on Exhibit III-3 on the following page presents the recommended salary ranges for the Executive Pay Plan.

  - The salary trend line for all employers in Exhibit III-2 represents the midpoints for the recommended salary ranges.

  - The structural characteristics of the proposed salary ranges will be discussed later in this chapter.

PROPOSED
FIRE PAY PLAN

- As shown in Exhibit III-4, the Anchorage Fire Department salary levels approximate the salaries of the other major Alaskan fire department surveyed, but are substantially higher than firefighters' salaries outside of Alaska.

  - The exhibit also shows that the pay differential between Alaskan and non-Alaskan fire departments increasingly narrows at the higher fire department ranks, highlighting the pay compression issue which exist within the Anchorage Fire Department.

    - The exhibit compares the Anchorage Fire Department salaries with the only other major Alaskan fire department (Fairbanks) and with fire departments outside Alaska using the proposed pay grades.

  - As explained in CMP's earlier review of police salaries, differences in reported salary ranges at the firefighter levels can be explained only in part by geographic differentials in cost of living.

Municipality Of Anchorage

RECOMMENDED SALARY RANGES - EXECUTIVE

Grade	Salary Range		
	Minimum	Midpoint	Maximum
8	$62,917	$75,500	$88,084
7	58,740	70,488	82,236
6	54,841	64,808	76,777
5	51,201	61,441	71,681
4	47,802	57,362	66,923
3	44,629	53,555	62,481
2	41,667	50,000	58,334
1	38,900	46,680	54,460

- o A recent American Chamber of Commerce Research Associate (ACCRA) survey reported that while the cost of living index in Anchorage (136.5) was 25 per cent higher than Seattle (110.5), Anchorage ranked lower than San Francisco (145.9) by almost 7 per cent.

- Following the same approach advanced in the police review, it does not appear to be in the best interests of the Municipality to abruptly bring fire salaries in line with other departments outside of the State, despite this inexplicable difference in pay levels between Alaskan and other non-Alaskan fire departments.

- A more practical solution in the near term is to allow firefighter salaries to remain in line with Alaskan practices, but to modify these levels as feasible to eliminate the compression that exists at higher ranks.

- Thus, it is recommended that Anchorage use the other Alaskan Fire Department trend line as midpoints for the proposed salary ranges shown in Exhibit III-5.

PROPOSED GENERAL GOVERNMENT PAY PLAN

- As shown in Exhibit III-6, Anchorage salaries generally fall somewhat below all but the non-Alaskan governments at the lower grades but are very competitive with all Alaskan employers at the higher grades.

  - Like police and fire department salaries, Anchorage government salaries greatly exceed the salaries of comparable positions in other governments outside of Alaska because of geographical differences in cost of living and other inexplicable factors.

  - Again, the practical solution would be to ensure Anchorage salaries remain competitive with Alaskan employers (private companies and governmental organizations) particularly in the greater Anchorage metropolitan area.

- Therefore, another salary trend line representing all Alaskan employers was calcu'ated giving equal weight to the Alaskan governments and private companies surveyed.

- Exhibit III-7 presents the recommended salary ranges for the General Government Pay Plan.

  - The salary trend line shown for all Alaskan employers represents the midpoints for the recommended salary ranges.

PROPOSED JCC PAY PLAN

- As shown in Exhibit III-8, Anchorage salaries slightly lead the other Alaskan governments but are substantially below Alaskan private companies.

  - Understandably, Anchorage and all other Alaskan employers offer substantially higher salaries than the non-Alaskan governments surveyed for the same reasons noted earlier.

  - A practical solution is to have JCC salaries in line with other Alaskan employers; therefore, another salary trend line representing all Alaskan employers was calculated which gives equal weight to the Alaskan governments and private companies.

- Exhibit III-9 presents the recommended salary ranges for the Joint Crafts Pay Plan.

  - The salary trend line shown for all Alaskan employers are the midpoints for the recommended salary ranges.

PROPOSED SALARY RANGE CHARACTERISTICS

- The four proposed pay plans have the following salary range characteristics as shown in Exhibit III-10.

MUNICIPALITY OF ANCHORAGE

GENERAL GOVERNMENT SALARIES—COMPARATIVE TREND LINES

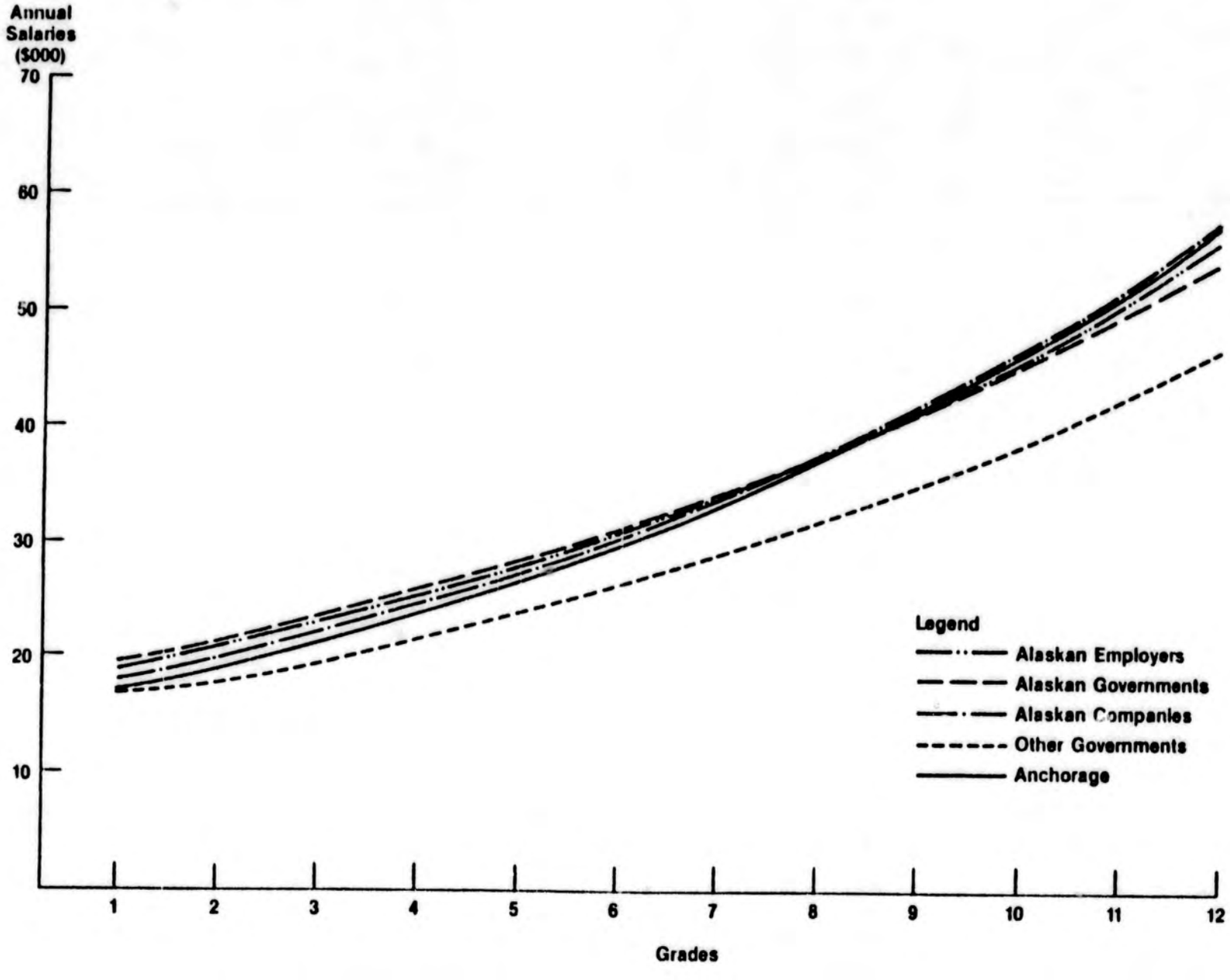

EXHIBIT III-6

Municipality Of Anchorage

RECOMMENDED SALARY RANGES - GENERAL GOVERNMENT

Grade	Salary Range		
	Minimum	Midpoint	Maximum
12	$48,845	$56,172	$63,498
11	44,204	50,835	57,465
10	40,005	46,006	52,006
9	36,204	41,635	47,065
8	32,765	37,680	42,594
7	29,652	34,100	38,548
6	26,835	30,860	34,885
5	24,285	27,928	31,570
4	21,978	25,275	28,571
3	19,890	22,874	25,857
2	18,001	20,701	23,401
1	16,290	18,734	21,177

- Range midpoints of the proposed ranges approximate prevailing compensation levels in the market as noted previously.

- The range depth is increased for the General Government and Fire plans from the current 27.5 per cent to 30.0 per cent by the introduction of an additional step (which is discussed in Chapter IV).

- The range depth for the Joint Crafts plan is increased from a single flat rate to 20 per cent to provide some salary advancement opportunities for experience gained on the job.

- The range depth for the Executive plan is narrowed from 50 to 40 per cent.

    o With a doubling of the number of grades from 4 to 8, the proposed salary ranges should provide enough flexibility to distinguish varying levels of performance.

- The method of progression through each range would remain the same.

    - The Fire, General Government and JCC would continue as increment plans.

    - The Executive plan would be an "open range" salary plan.

        o This type of salary plan provides for variable pay increments based on performance level and the position of the employee within the salary range.

    - At some future date, consideration should be given to converting the other plans to "open range".

    - The concept of an "open range" salary plan will be discussed more fully in Chapter IV.

FRINGE BENEFITS

- The fringe benefits offered to Municipality employees are, on balance, better than the benefits offered by the surveyed organizations.

- Current life, health, and accident insurance policies are at least equal to or better than the surveyed organizations.

- Anchorage vacation allowance is significantly higher than other governments outside Alaska and better than most other employers within the State.

- Retirement protection offered to Anchorage employees is on a par with most other government plans; IAFF members participate in one of the most generous retirement plans offered.

- Anchorage employees participate in the most generous longevity pay program of the surveyed governments.

- It is recommended that the Municipality focus on bringing all benefits more in line with competitive norms; immediate attention should be given to reducing the longevity pay allowances.

  - More specific details on the fringe benefits provided to Municipality employees and the programs offered by the surveyed organizations are contained in Appendix G to this report.