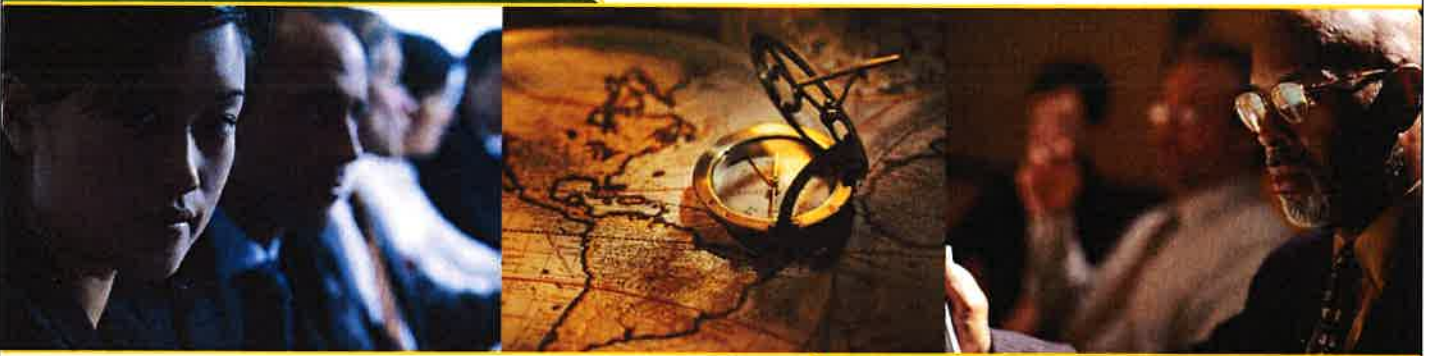


Compensation Study for Cherokee County, GA

FINAL REPORT



Evergreen Solutions, LLC

October 27, 2022

Table of Contents

| | PAGE |
|---|------------|
| 1.0 INTRODUCTION..... | 1-1 |
| 1.1 Study Methodology..... | 1-1 |
| 1.2 Report Organization..... | 1-2 |
| | |
| 2.0 ASSESSMENT OF CURRENT CONDITIONS..... | 2-1 |
| 2.1 Analysis of Pay Plans..... | 2-1 |
| 2.2 Grade Placement Analysis | 2-3 |
| 2.3 Quartile Analysis | 2-6 |
| 2.4 Compression Analysis | 2-9 |
| 2.5 Summary | 2-10 |
| | |
| 3.0 MARKET SUMMARY..... | 3-1 |
| 3.1 Market Data | 3-2 |
| 3.2 Salary Survey Results..... | 3-5 |
| 3.3 Salary Survey Conclusion..... | 3-9 |
| | |
| 4.0 RECOMMENDATIONS..... | 4-1 |
| 4.1 Compensation Recommendations..... | 4-1 |
| 4.2 Compensation and Classification System Administration | 4-5 |
| 4.3 Summary | 4-7 |

Chapter 1 - Introduction

Cherokee County, in keeping with its commitment to attract and retain the staff necessary to provide high quality services to its residents determined that its current compensation system needed to be updated to reflect market best practices. This study and the analysis contained within provides Cherokee County with valuable information related to their employee demographics, market data, and internal and external equity. This study aims to address how Cherokee County is positioned in the market relative to other municipalities in the state and to other local area government organizations with similar positions. The data gathered during the market portion of this study were used to develop recommendations that allow the County to recruit and retain quality employees.

1.1 STUDY METHODOLOGY

Evergreen Solutions combines qualitative and quantitative data analysis to produce recommendations that maximize the fairness and competitiveness of an organization's compensation structure and practices. It is important to note that the data utilized in the study represents a snapshot in time. As market conditions can change rapidly, it is important for Cherokee County to conduct regular market surveys to ensure their external market position does not decay. A full compensation and classification review is recommended approximately every three to five years. Project activities included:

- Conducting a project kick-off meeting;
- Conducting an analysis on the internal conditions at Cherokee County;
- Conducting an external market salary survey;
- Developing recommendations for compensation management;
- Realigning positions based on the market results;
- Developing recommendations for compensation changes; and
- Creating draft and final reports;

Kickoff Meeting

The kickoff meeting provided an opportunity to discuss the history and current status of the payment practices and hear the overall compensation philosophy. During this initial meeting on May 12th 2022, study goals were discussed, the project work plan and timeline was finalized and the data to be requested was reviewed. Following the kickoff meeting, the data collection process was initiated and the Cherokee County project manager was very helpful in providing all data necessary. Data collection included the gathering of relevant background material including existing pay plans, organization charts, policies, procedures, employee handbook, classification specifications, and other pertinent material.

Internal Analysis

The internal analysis was conducted on employee data provided by the county. Checks were run to evaluate employees' salaries compared to the minimum, midpoint, and maximum of their pay ranges, as well as evaluating the employees' salaries against the "expected salary" that an employee would expect to make based on the number of years an employee has spent in their current classification.

Salary Survey

The external market for this study was defined as identified counties in the state of Georgia, as well as local government organizations with similar positions, characteristics, demographics, and service offerings. Sixty three of the current Cherokee County benchmark positions were utilized for the salary study. Data was collected for all benchmark positions from all approved target peer organizations and matched with positions at the county. These matches helped Evergreen understand the market positioning of Cherokee County and which positions might be above or below their true market value.

Recommendations

Evergreen developed recommendations for Cherokee County to consider in order to help maximize the effectiveness and efficiency of its current compensation and classification structure. Evergreen provided Cherokee County with a variety of implementation options and the associated costs. Using data and the pay plan created as a result of the 2018 Evergreen Solutions Study, significant changes to the current compensation and classification systems were suggested. These suggestions will modernize the current pay plan, which has been in place since 2012, to a new pay plan consistent with the compensation philosophy of the county today. These options were designed to fix issues identified in the report by proposing a new pay plan that slots classifications competitively to market.

1.2 REPORT ORGANIZATION

This report includes the following chapters:

- Chapter 1 – Introduction
- Chapter 2 – Assessment of Current Conditions
- Chapter 3 – Market Salary Survey Summary
- Chapter 4 – Recommendations

Chapter 2 - Assessment of Current Conditions

An assessment of current conditions was conducted to help Evergreen better understand the current standing of Cherokee County pay plan, demographics, and compensation structures. This assessment should be considered a snapshot in time and is reflective of the conditions present within the county upon the commencement of this study. By leveraging this information, Evergreen was able to gain a better understanding of the strengths and weaknesses of the current compensation system. When combined with the market results,

the Assessment of Current Conditions helped provide a basis for recommendations. A full summary of the Assessment of Current Conditions can be found in **Chapter 2** of this report.

Chapter 3 - Market Summary

A salary survey was designed by Evergreen and approved by the Cherokee County project team and the Director of Human Resources served as the Project Manager for this study. The external market was recommended by Evergreen and approved by the Cherokee County Project team. After the results were received, the data were analyzed to compare the Cherokee County to the overall results from public-sector peers. Combined with the Assessment of Current Conditions, the market survey gave Evergreen the information needed to understand Cherokee County's position relative to its labor market. A full summary of the market results can be found in **Chapter 3** of this report.

Chapter 4 – Recommendations

During the recommendations phase, Evergreen provided several different solution options based on their current relationship to market. Evergreen has provided Cherokee County with recommendations that will leverage the strengths of the current compensation structure and also help expand its ability to recruit and retain talent in each of the current classifications. Ultimately, the study goals to deliver a fair, competitive, and fiscally responsible pay plan was delivered. A full explanation of the recommendations can be found in **Chapter 4** of this report.

Chapter 2 – Assessment of Current Conditions

The purpose of this chapter is to provide a statistical analysis of the compensation system in place at Cherokee County at the start of this study. The assessment is divided into the following sections:

- 2.1 Analysis of Pay Plans
- 2.2 Grade Placement Analysis
- 2.3 Quartile Analysis
- 2.4 Compression Analysis
- 2.5 Summary

The analysis provided in this chapter represents a snapshot in time – this chapter was built off of employee information collected in April 2022. Every organization changes continuously, so this chapter is not meant to be a definitive statement on continuing compensation practices at the County. Rather, this Assessment of Current Conditions or “AOCC” is meant to represent the conditions that were in place when this study began. We realize the current pay plan has been in place since 2012 and the client has identified their desire to create a simple, competitive and modern pay plan. The data contained within provide the baseline for analyses through the course of this study but are not sufficient cause for recommendations in isolation. By reviewing employee data, Evergreen gained a better understanding of the structure and methods in place and identified issues for both further review and potential revision.

2.1 ANALYSIS OF PAY PLANS

The purpose of analyzing the pay structure within the County is to help gain an overview of the compensation philosophy as it existed when the study began. The County had a system in place that categorized classifications by Grade. This system used numbered grades of 120 – 147, 149, 155, and PT1 for County employees. **Exhibit 2A** displays the County’s pay plan summarized for ease of comparison. The exhibit provides each pay grade on the plan; the value of each pay grade at minimum, midpoint and maximum; the range spread for each pay grade – which is a measure of the distance between the minimum and maximum of the grade; the midpoint progression between grades; and the number of employees per pay grade. Midpoint progression has been eliminated for grades 223 and PT1 as there is not a logical step from the grade slotted before it.

The County’s pay plan includes 30 occupied pay grades that hold 1600 active employees. The range spreads of the grades range are consistently at 55 percent.



**EXHIBIT 2A
PAY PLAN SUMMARY**

| Grade | Minimum | Midpoint | Maximum | Range Spread | Midpoint Progression | Employees |
|-------|------------|------------|------------|--------------|----------------------|-----------|
| 120 | \$ 18,687 | \$ 23,827 | \$ 28,966 | 55% | - | 3 |
| 122 | \$ 20,603 | \$ 26,269 | \$ 31,935 | 55% | 10% | 10 |
| 123 | \$ 21,633 | \$ 27,582 | \$ 33,532 | 55% | 5% | 21 |
| 124 | \$ 22,715 | \$ 28,962 | \$ 35,208 | 55% | 5% | 43 |
| 125 | \$ 23,851 | \$ 30,410 | \$ 36,969 | 55% | 5% | 54 |
| 126 | \$ 25,043 | \$ 31,930 | \$ 38,817 | 55% | 5% | 7 |
| 127 | \$ 26,296 | \$ 33,527 | \$ 40,758 | 55% | 5% | 26 |
| 128 | \$ 27,610 | \$ 35,203 | \$ 42,795 | 55% | 5% | 61 |
| 129 | \$ 28,990 | \$ 36,964 | \$ 44,936 | 55% | 5% | 73 |
| 130 | \$ 30,441 | \$ 38,811 | \$ 47,182 | 55% | 5% | 38 |
| 131 | \$ 31,962 | \$ 40,752 | \$ 49,542 | 55% | 5% | 50 |
| 132 | \$ 33,560 | \$ 42,789 | \$ 52,018 | 55% | 5% | 118 |
| 133 | \$ 35,238 | \$ 44,929 | \$ 54,620 | 55% | 5% | 168 |
| 134 | \$ 37,001 | \$ 47,175 | \$ 57,350 | 55% | 5% | 48 |
| 135 | \$ 38,851 | \$ 49,534 | \$ 60,218 | 55% | 5% | 85 |
| 136 | \$ 40,793 | \$ 52,011 | \$ 63,229 | 55% | 5% | 136 |
| 137 | \$ 42,833 | \$ 54,612 | \$ 66,391 | 55% | 5% | 15 |
| 138 | \$ 44,974 | \$ 57,342 | \$ 69,709 | 55% | 5% | 79 |
| 139 | \$ 47,222 | \$ 60,209 | \$ 73,195 | 55% | 5% | 41 |
| 140 | \$ 49,584 | \$ 63,219 | \$ 76,856 | 55% | 5% | 25 |
| 141 | \$ 52,063 | \$ 66,380 | \$ 80,697 | 55% | 5% | 33 |
| 142 | \$ 54,666 | \$ 69,699 | \$ 84,733 | 55% | 5% | 44 |
| 143 | \$ 57,400 | \$ 73,185 | \$ 88,969 | 55% | 5% | 13 |
| 144 | \$ 60,269 | \$ 76,843 | \$ 93,418 | 55% | 5% | 7 |
| 146 | \$ 66,447 | \$ 84,721 | \$ 102,993 | 55% | 10% | 4 |
| 147 | \$ 69,769 | \$ 88,956 | \$ 108,143 | 55% | 5% | 5 |
| 149 | \$ 76,920 | \$ 98,075 | \$ 119,228 | 55% | 10% | 14 |
| 155 | \$ 103,081 | \$ 131,429 | \$ 159,776 | 55% | 34% | 1 |
| 223 | \$ 34,215 | \$ 43,624 | \$ 53,033 | 55% | - | 224 |
| PT1 | \$ 17,160 | \$ 44,346 | \$ 71,531 | 317% | - | 154 |



Comparing the summary data in **Exhibit 2A** to best practices, a number of observations can be made regarding the County's pay plan. Based on the analysis of the pay plan, the following facts can be observed:

- Range spreads—generally set between 50-70 percent—are in line with the standard market spread, being at 55 percent.
- The minimum annual pay offered to any employee is \$18,687 while the maximum salary of any pay grade is \$159,776.
- The average annual salary in Cherokee County is \$52,419.45 while the highest salary in the county is \$193,440.05.

2.2 GRADE PLACEMENT ANALYSIS

The Grade Placement Analysis examines how employee salaries are distributed throughout the pay grades. This can help identify salary progression issues, which are usually accompanied by employee salaries that are clustered in segments of the pay grades. A clustering of employee salaries in the lower part of ranges can indicate a lack of salary progression for employees, a high level of turnover, or a high level of new incumbents for the grade. A clustering of employee salaries in the high end of pay ranges can be a sign of high employee tenure or a sign that the pay ranges are behind market, forcing the organization to offer salaries near the maximum of the range to new hires. With regard to minimum and maximum salaries, only 1 employee is at the minimum salary for their grade, while 619 employees are at the grade maximum. The Grade Placement Analysis examines how salaries compare to pay range minimums, midpoints, and maximums. Only pay grades with at least one incumbent are included in this analysis.

Exhibits 2B displays the percentage and number of employees compensated at their pay grade minimum and pay grade maximum. The percentages presented are based on the total number of employees in that grade. As can be seen in the exhibit, 0.1 percent (1 total) of employees are compensated at their pay grade's minimum. At the maximum of the pay grades, 38.7 percent (619 total) are found.



**EXHIBIT 2B
EMPLOYEES AT MINIMUM AND MAXIMUM BY GRADE**

| Grade | Employees | # at Min | % at Min | # at Max | % at Max |
|--------------|------------------|-----------------|-----------------|-----------------|-----------------|
| 120 | 3 | 0 | 0.0% | 1 | 33.3% |
| 122 | 10 | 0 | 0.0% | 8 | 80.0% |
| 123 | 21 | 0 | 0.0% | 3 | 14.3% |
| 124 | 43 | 0 | 0.0% | 30 | 69.8% |
| 125 | 54 | 0 | 0.0% | 29 | 53.7% |
| 126 | 7 | 0 | 0.0% | 4 | 57.1% |
| 127 | 26 | 0 | 0.0% | 11 | 42.3% |
| 128 | 61 | 0 | 0.0% | 24 | 39.3% |
| 129 | 73 | 0 | 0.0% | 14 | 19.2% |
| 130 | 38 | 0 | 0.0% | 19 | 50.0% |
| 131 | 50 | 0 | 0.0% | 7 | 14.0% |
| 132 | 118 | 0 | 0.0% | 7 | 5.9% |
| 133 | 168 | 0 | 0.0% | 56 | 33.3% |
| 134 | 48 | 0 | 0.0% | 33 | 68.8% |
| 135 | 85 | 0 | 0.0% | 17 | 20.0% |
| 136 | 136 | 0 | 0.0% | 88 | 64.7% |
| 137 | 15 | 0 | 0.0% | 3 | 20.0% |
| 138 | 79 | 0 | 0.0% | 62 | 78.5% |
| 139 | 41 | 0 | 0.0% | 17 | 41.5% |
| 140 | 25 | 0 | 0.0% | 8 | 32.0% |
| 141 | 33 | 0 | 0.0% | 29 | 87.9% |
| 142 | 44 | 0 | 0.0% | 35 | 79.5% |
| 143 | 13 | 0 | 0.0% | 13 | 100.0% |
| 144 | 7 | 0 | 0.0% | 6 | 85.7% |
| 146 | 4 | 0 | 0.0% | 4 | 100.0% |
| 147 | 5 | 0 | 0.0% | 3 | 60.0% |
| 149 | 14 | 0 | 0.0% | 11 | 78.6% |
| 155 | 1 | 0 | 0.0% | 1 | 100.0% |
| 223 | 224 | 0 | 0.0% | 74 | 33.0% |
| PT1 | 154 | 1 | 0.6% | 2 | 1.3% |
| Total | 1600 | 1 | 0.1% | 619 | 38.7% |

In addition to assessing the number of employees at minimum and maximum, an analysis was conducted to determine the number of employees below and above pay grade midpoint. The percentages refer to the percentage of employees in each pay grade that are above and below midpoint. Exhibit 2C displays the results of this analysis: a total of 290 employees are compensated below their pay grade midpoint—which is 18.1 percent of all Employees for the County. There are 1309 employees compensated above midpoint of their pay grade, which is 81.8 percent of all employees.

EXHIBIT 2C
EMPLOYEES ABOVE AND BELOW MIDPOINT BY PAY GRADE

| Grade | Employees | # < Mid | % < Mid | # > Mid | % > Mid |
|--------------|-------------|------------|--------------|-------------|--------------|
| 120 | 3 | 0 | 0.0% | 3 | 100.0% |
| 122 | 10 | 0 | 0.0% | 10 | 100.0% |
| 123 | 21 | 2 | 9.5% | 19 | 90.5% |
| 124 | 43 | 2 | 4.7% | 41 | 95.3% |
| 125 | 54 | 3 | 5.6% | 51 | 94.4% |
| 126 | 7 | 2 | 28.6% | 5 | 71.4% |
| 127 | 26 | 0 | 0.0% | 26 | 100.0% |
| 128 | 61 | 18 | 29.5% | 43 | 70.5% |
| 129 | 73 | 18 | 24.7% | 55 | 75.3% |
| 130 | 38 | 5 | 13.2% | 33 | 86.8% |
| 131 | 50 | 24 | 48.0% | 26 | 52.0% |
| 132 | 118 | 21 | 17.8% | 97 | 82.2% |
| 133 | 168 | 11 | 6.5% | 157 | 93.5% |
| 134 | 48 | 2 | 4.2% | 46 | 95.8% |
| 135 | 85 | 5 | 5.9% | 80 | 94.1% |
| 136 | 136 | 1 | 0.7% | 135 | 99.3% |
| 137 | 15 | 3 | 20.0% | 12 | 80.0% |
| 138 | 79 | 2 | 2.5% | 77 | 97.5% |
| 139 | 41 | 7 | 17.1% | 34 | 82.9% |
| 140 | 25 | 6 | 24.0% | 19 | 76.0% |
| 141 | 33 | 0 | 0.0% | 33 | 100.0% |
| 142 | 44 | 5 | 11.4% | 39 | 88.6% |
| 143 | 13 | 0 | 0.0% | 13 | 100.0% |
| 144 | 7 | 0 | 0.0% | 7 | 100.0% |
| 146 | 4 | 0 | 0.0% | 4 | 100.0% |
| 147 | 5 | 0 | 0.0% | 5 | 100.0% |
| 149 | 14 | 2 | 14.3% | 12 | 85.7% |
| 155 | 1 | 0 | 0.0% | 1 | 100.0% |
| 223 | 224 | 5 | 2.2% | 219 | 97.8% |
| PT1 | 154 | 146 | 94.8% | 7 | 4.5% |
| Total | 1600 | 290 | 18.1% | 1309 | 81.8% |



2.3 QUARTILE ANALYSIS

The last part of the Grade Placement Analysis is a detailed look at how salaries are distributed through pay grades, through a quartile analysis. Here, each pay grade is divided into four segments of equal width, called quartiles. The first quartile represents the first 25 percent of the pay range; the second quartile represents the part of the range above the first quartile up to the mathematical midpoint; the third quartile represents the part of the range from the midpoint to 75 percent of the pay range; and the fourth quartile represents the part of the range above the third quartile up to the pay range maximum. Employees are assigned to a quartile within their pay range based on their current salary.

The quartile analysis is used to determine the location of employee salary clusters. Quartile analysis helps identify whether clusters exist in specific quartiles of pay grades. Additionally, the amount of time the employee has spent at the organization is also analyzed, in order to observe any relationship between organizational tenure and salary progression. This information, while not definitive alone, can shed light on any root issues within the current compensation plan when combined with market data.

Exhibit 2D shows the number of employees that are in each quartile of each grade, as well as the average overall tenure (i.e., how long an employee has worked for the County) by quartile. Overall, data provide 83.6 percent of employees fall into Quartile 1 of their respective grade; 11.4 percent fall into Quartile 2; 5 percent fall into Quartile 3; and no employees fall into Quartile 4. While this distribution does not lead to a conclusion, data for average tenure do lead to determinations on the relationship between tenure and salary.

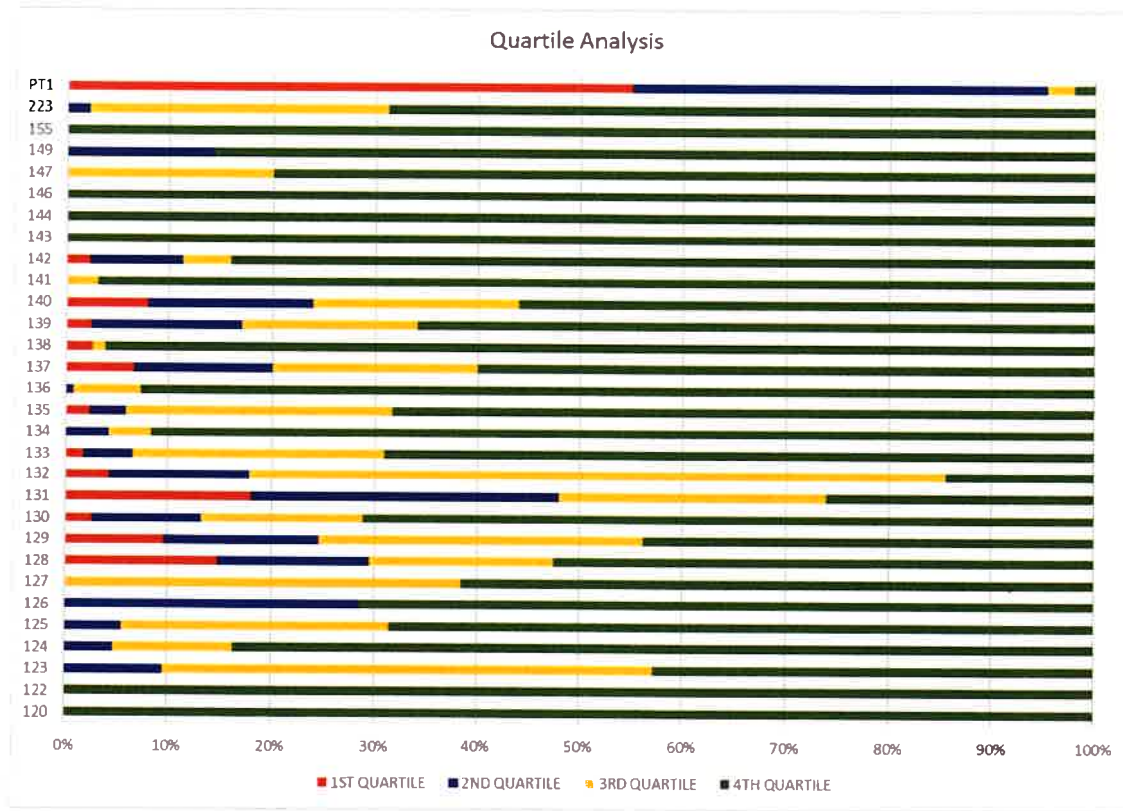
Generally, overall average tenure increases as quartile increases; the average tenure in Quartile 1 is 1.8 years; in Quartile 2 is 3.3 years; in Quartile 3 is 3.4 years; in Quartile 4 is 10.7 years. This would seem to indicate that there is, at the very least, a positive linear relationship exists between tenure and pay.

Exhibit 2E displays a graphical representation of the data contained in **Exhibit 2D**. Each pay grade is divided into up to four sections representing the percentage of employees, in that pay grade, who belong in each quartile. For example, the employees in the pay grade 143 and 144 are only in Quartile 4. Those pay grade is represented by fully green bars, meaning that all of the employees represented are paid in the high end of their pay grades. Pay grades 128,-133, 137-140, and 142 have all 4 Quartiles represented, shown by the range in the graph with Red, Blue, Yellow, and Green.

**EXHIBIT 2D
QUARTILE ANALYSIS AND TIME WITH THE ORGANIZATION**

| GRADE | Total Employees | Average Tenure | 1st Quartile | | 2nd Quartile | | 3rd Quartile | | 4th Quartile | |
|----------------|-----------------|----------------|--------------|------------|--------------|------------|--------------|------------|--------------|-------------|
| | | | # Employees | Avg Tenure | # Employees | Avg Tenure | # Employees | Avg Tenure | # Employees | Avg Tenure |
| 120 | 3 | 4.7 | 0 | - | 0 | - | 0 | - | 3 | 4.7 |
| 122 | 10 | 4.4 | 0 | - | 0 | - | 0 | - | 10 | 4.4 |
| 123 | 21 | 3.5 | 0 | - | 2 | 0.6 | 10 | 3.5 | 9 | 4.1 |
| 124 | 43 | 6.0 | 0 | - | 2 | 1.8 | 5 | 1.9 | 36 | 6.8 |
| 125 | 54 | 5.9 | 0 | - | 3 | 0.7 | 14 | 2.2 | 37 | 7.8 |
| 126 | 7 | 5.8 | 0 | - | 2 | 3.8 | 0 | - | 5 | 6.7 |
| 127 | 26 | 7.1 | 0 | - | 0 | - | 10 | 2.1 | 16 | 10.3 |
| 128 | 61 | 6.4 | 9 | 0.9 | 9 | 2.5 | 11 | 3.9 | 32 | 9.9 |
| 129 | 73 | 5.9 | 7 | 1.1 | 11 | 2.4 | 23 | 4.2 | 32 | 9.2 |
| 130 | 38 | 9.3 | 1 | 3.2 | 4 | 1.4 | 6 | 3.9 | 27 | 11.9 |
| 131 | 50 | 4.5 | 9 | 0.4 | 15 | 2.2 | 13 | 3.2 | 13 | 11.4 |
| 132 | 118 | 4.0 | 5 | 2.2 | 16 | 4.4 | 80 | 2.7 | 17 | 10.3 |
| 133 | 168 | 7.5 | 3 | 2.4 | 8 | 1.6 | 41 | 3.5 | 116 | 9.4 |
| 134 | 48 | 8.4 | 0 | - | 2 | 3.4 | 2 | 0.7 | 44 | 9.0 |
| 135 | 85 | 7.8 | 2 | 2.7 | 3 | 3.9 | 22 | 4.8 | 58 | 9.3 |
| 136 | 136 | 12.3 | 0 | - | 1 | 0.5 | 9 | 5.7 | 126 | 12.8 |
| 137 | 15 | 9.0 | 1 | 1.1 | 2 | 2.7 | 3 | 10.5 | 9 | 10.8 |
| 138 | 79 | 15.7 | 2 | 1.1 | 0 | - | 1 | 13.7 | 76 | 16.1 |
| 139 | 41 | 11.1 | 1 | 5.0 | 6 | 7.8 | 7 | 7.1 | 27 | 13.2 |
| 140 | 25 | 6.8 | 2 | 1.7 | 4 | 3.7 | 5 | 5.6 | 14 | 8.8 |
| 141 | 33 | 13.6 | 0 | - | 0 | - | 1 | 18.0 | 32 | 13.4 |
| 142 | 44 | 16.3 | 1 | 16.1 | 4 | 7.6 | 2 | 5.1 | 37 | 17.9 |
| 143 | 13 | 12.8 | 0 | - | 0 | - | 0 | - | 13 | 12.8 |
| 144 | 7 | 19.0 | 0 | - | 0 | - | 0 | - | 7 | 19.0 |
| 146 | 4 | 9.2 | 0 | - | 0 | - | 0 | - | 4 | 9.2 |
| 147 | 5 | 16.3 | 0 | - | 0 | - | 1 | 17.2 | 4 | 16.1 |
| 149 | 14 | 15.1 | 0 | - | 2 | 13.0 | 0 | - | 12 | 15.4 |
| 155 | 1 | 20.4 | 0 | - | 0 | - | 0 | - | 1 | 20.4 |
| 223 | 224 | 6.0 | 0 | - | 5 | 0.8 | 65 | 2.2 | 154 | 7.8 |
| PT1 | 153 | 2.6 | 84 | 1.8 | 62 | 3.2 | 4 | 5.3 | 3 | 10.6 |
| Overall | 1599 | 7.7 | 127 | 1.8 | 163 | 3.3 | 335 | 3.4 | 974 | 10.7 |

EXHIBIT 2E QUARTILE PLACEMENT BY PAY GRADE



The County has the highest density of tenured employees through grades 141, 142, and 149, where the classifications consist primarily of supervisors or high-level roles in departments. This is a logical point given the pay structure as many employees who seek additional compensation or responsibility are those that reach higher ranks.

2.4 COMPRESSION ANALYSIS

Pay compression can be defined as the lack of variation in salaries between employees with significantly different levels of experience and responsibility. Compression can be seen as a threat to internal equity and morale. A common type of pay compression can be observed when the pay of highly tenured staff and newly hired employees in the same job are too similar.

According to the Society for Human Resources Management (SHRM), specific examples of actions that may cause pay compression include the following:

- Reorganizations change peer relationships and can create compression if jobs are not reevaluated.
- In some organizations, certain departments or divisions may be relatively liberal with salary increases, market adjustments, and promotions-while others are not.
- Some employers have overlooked their Human Resources policies designed to regulate pay, paying new hires more than incumbents for similar jobs under the mantra of “paying what it takes to get the best talent.”
- Many organizations have found it easy to hire people who had already done the same work for another organization, eliminating the need for training. Rather than hiring individuals with high potential and developing them for the long term, they have

Referring back to the quartile analysis, the density of employees in Quartile 3 and 4 alludes to the potential of employees experiencing compression compared to one another. This is demonstrated by the limited capacity that these employees have to advance through their own pay grade while their tenure increases. In a standard 30 progression, an employee would start at the bottom of their pay grade, reach the midpoint around year 15, and reach the top of the grade at the end of the progression. The possible circumstance leading to this is with such a dynamic hiring market currently, employees are not hired at the bottom of their pay range, forcing a narrower spread between peers in the same classification. While the truth likely lies somewhere beyond this, a definitive answer cannot be determined without more data.



2.5 SUMMARY

Cherokee County utilizes one pay plan structure to compensate their employees. This provides an approach to allow the County to define salary progression within the ranks until an employee reaches the cap to their career development. There were many observations made with respect to the County's compensation system in place for the employees at the beginning of the study, most notably were:

- The pay plan range spread is meeting the expectation for what is observed in the market currently at 55%. With a consistent midpoint progression of 5% between pay grades, there is a chance of fair internal equity if employees are moving throughout their own grade and moving to ranks of supervision.
- Most employees are paid above where the current expectation is based on a thirty-year progression plan as a result of the ceiling at most pay grades. Since over 80% of employees (90% of full-time employees) are in the top half of their pay grades, this shows limited mobility within the plan.
- A majority of employees are in Quartile 4 which is the maximum of the pay ranges for each grade. This is the top of the pay range, while the longest employee tenure is 33.64 years. *This may indicate that while salaries have changed, the internal pay plan ranges have remained static.*

This analysis acts as a starting point for development of recommendations in subsequent chapters of this report. Paired with market data, Evergreen is able to make recommendations that will ensure Cherokee County's compensation system is structurally sound in terms of best practice, competitive with the market, and treats all employees equitably moving forward



Chapter 3 – Market Summary

The purpose of the market summary chapter is to benchmark the County's compensation practices against that of its market peers in order to establish how competitive the County is for employees within its market. To complete this market study, Evergreen compared pay ranges of select benchmark positions that the County possesses against the compensation of positions performing those same duties within peer organizations. By aggregating the differences in pay ranges across all the positions, a reasonable determination is made as to the County's competitive position within the market.

At the request of the county project management team, and prior to the selection and solicitation of target market peers, Evergreen consultants conducted two virtual focus groups with Cherokee County leadership on April 19 and 22, 2022. These focus groups sessions provided an opportunity to discuss the county's current compensation philosophy and hear the perspective of a diverse group of county leaders. Sessions were split into two groups, one for public safety and the other for non-public safety leaders. The focus group questions were designed to solicit open feedback from attendees concerning a number of topics related to compensation and classification both in their respective units and the county as a whole. Overall, the goal of these sessions was to gauge the sentiment towards the current compensation and classification structures of the county and to discuss specific market conditions. These meetings and the resulting feedback helped to narrow the list of target market peers and were instrumental in delivering a defensible survey. These sessions also allowed county department leaders to share specific departmental challenges and employee concerns.

It is important to note that individual salaries are not analyzed in this methodology, since individual compensation can be affected by a number of variables such as experience and performance. For this reason, Evergreen looked at average pay ranges across the entire classification to make the most accurate comparison. The results of this market study should be considered reflective of the current state of the market at the time of this study; however, market conditions can change rapidly. Consequently, it is necessary to perform market surveys of peer organizations at regular intervals in order for an organization to consistently monitor its position within the market. Furthermore, the market results detailed in this chapter provide a foundation for understanding the County's overall structural standing to the market, and the rates reflected in this chapter, while an important factor, are not the sole determinant for how classifications were placed into the proposed salary ranges outlined in Chapter 4.

Evergreen conducted a comprehensive market salary survey for the County, which included twenty-five peers including cities and counties. Of those twenty-five peers, Evergreen was able to gather data from nine. Target peers were selected based on a number of factors, including geographic proximity and population size. Target organizations were also identified for their competition to the County for employee recruitment and retention efforts. The list of

targets that were solicited to provide data for the purpose of this study are included in Exhibit 3A. The nine that provided data are noted with an asterisk.

**EXHIBIT 3A
TARGET MARKET PEERS**

| Target Respondents |
|----------------------|
| Acworth, GA |
| Alpharetta, GA * |
| Bartow County, GA |
| Canton, GA |
| Clayton County, GA |
| Cobb County, GA * |
| Dawson County, GA * |
| Douglas County, GA |
| Dunwoody, GA |
| Fayette County, GA |
| Forsyth County, GA * |
| Fulton County, GA * |
| Gainesville, GA * |
| Hall County, GA * |
| Henry County, GA * |
| Johns Creek, GA |
| Kennesaw, GA |
| Marietta, GA |
| Milton, GA |
| Paulding County, GA |
| Rockdale County, GA |
| Roswell, GA * |
| Sandy Springs, GA |
| Smyrna, GA |
| Woodstock, GA |

3.1 MARKET DATA

The results of the market study are displayed in Exhibit 3B, which includes the benchmark job titles and the market average salaries for each position at the minimum, midpoint, and maximum points of the pay ranges. Also included within the exhibit are the percent differentials of the County's pay ranges at each respective point, relative to the market average pay. A positive percent differential is indicative of the County's pay range exceeding that of the average of its market peers; alternatively, a negative percent differential indicates the County's compensation for a given position lagging behind the average of its peers. For those classifications where no differential is shown, this is due to the County not possessing a pay range for comparison to the market. The exhibit also includes the average pay range



for the market respondents for each position, as well as how many responses each benchmark received. As stated earlier in this report, the minimums and maximum salaries listed in the current pay plan do not necessarily reflect the actual salaries paid by the county at the time of the study. The percentage differentials provided in the study are market averages compared to the county provided published pay plan at the time the study was conducted.

While all benchmarks are surveyed by each peer, not every peer organization possesses an appropriate match to supply salary information. Consequently, the benchmarks receive varying levels of response. For the purpose of this study, all positions that received less than five matches from market peers were not considered in establishing the County's competitive position. The rationale behind these positions being excluded is that insufficient response can lead to unreliable averages that may skew the aggregated data, blurring the reality of the County's actual position in the market. Fifty-three of the 63 positions surveyed had a sufficient response for inclusion.



**EXHIBIT 3B
MARKET SURVEY RESULTS**

| Classification | Survey Minimum | | Survey Midpoint | | Survey Maximum | | Survey Avg Range | # Resp. |
|---|----------------|--------|-----------------|--------|----------------|--------|------------------|---------|
| | Average | % Diff | Average | % Diff | Average | % Diff | | |
| Accountant | \$44,718.56 | -5.2% | \$57,151.51 | -3.5% | \$69,584.45 | -2.5% | 55.8% | 9.0 |
| Administrative Assistant | \$35,444.39 | -6.4% | \$45,374.32 | -4.9% | \$55,304.25 | -3.9% | 56.2% | 9.0 |
| Administrative Services Agency Director | \$86,993.34 | 6.3% | \$127,600.20 | -5.8% | \$135,277.14 | 9.1% | 55.5% | 5.0 |
| Animal Control Officer | \$40,887.71 | -25.4% | \$51,726.06 | -22.7% | \$62,564.41 | -21.0% | 53.3% | 5.0 |
| Appraiser | \$37,521.41 | -7.2% | \$46,584.95 | -2.6% | \$55,648.49 | 0.4% | 48.4% | 3.0 |
| Assistant County Engineer | \$61,366.44 | -11.5% | \$77,334.85 | -10.4% | \$93,303.26 | -9.6% | 52.4% | 6.0 |
| BENEFITS ADMINISTRATOR | \$55,614.36 | -22.1% | \$71,614.11 | -21.1% | \$87,613.87 | -20.5% | 57.4% | 4.0 |
| BUILDING INSPECTOR | \$42,294.81 | -9.4% | \$53,204.69 | -6.1% | \$64,114.56 | -4.0% | 51.8% | 8.0 |
| Bus Driver | \$27,493.55 | -5.4% | \$30,792.06 | 9.5% | \$41,961.58 | -0.7% | 58.4% | 4.0 |
| Chief Information Officer | \$87,594.00 | -4.2% | \$113,471.76 | -3.8% | \$134,081.42 | 0.3% | 53.1% | 8.0 |
| Chief Marshal | \$64,489.61 | 21.5% | \$81,504.31 | 24.3% | \$103,724.89 | 21.0% | 60.9% | 6.0 |
| CLERK 1 | \$32,296.31 | -11.7% | \$38,441.10 | -2.9% | \$48,241.47 | -4.9% | 49.4% | 5.0 |
| COMMUNICATION OFFICER I | \$36,425.98 | -9.1% | \$45,892.42 | -6.0% | \$55,358.86 | -4.0% | 52.2% | 8.0 |
| Communications Supervisor | \$46,265.59 | -8.6% | \$59,327.08 | -7.3% | \$72,388.57 | -6.4% | 56.8% | 8.0 |
| COMMUNITY DEV AGENCY DIR | \$83,591.57 | 5.4% | \$118,355.82 | -3.1% | \$134,022.77 | 5.2% | 60.1% | 6.0 |
| County Clerk | \$60,971.96 | 27.0% | \$76,538.47 | 30.4% | \$91,693.28 | 33.1% | 50.6% | 7.0 |
| County Manager | \$127,340.09 | -21.1% | \$183,460.36 | -33.0% | \$196,541.65 | -20.6% | 54.3% | 2.0 |
| Court Administrator | \$46,084.47 | 49.3% | \$58,447.63 | 51.6% | \$70,810.79 | 53.0% | 54.1% | 6.0 |
| Crew Leader | \$37,016.97 | -10.7% | \$45,941.10 | -6.1% | \$57,887.02 | -8.4% | 56.7% | 8.0 |
| Deputy - Uncertified | \$43,620.17 | -17.3% | \$54,009.63 | -12.5% | \$64,399.10 | -9.3% | 47.8% | 2.0 |
| Development Inspector | \$42,121.54 | -13.9% | \$52,780.07 | -10.2% | \$63,438.60 | -7.8% | 50.9% | 5.0 |
| DIRECTOR - REC & PARKS | \$87,477.20 | -18.6% | \$117,768.65 | -22.1% | \$138,783.35 | -17.8% | 58.6% | 6.0 |
| DIRECTOR/E911 | \$70,693.41 | -2.2% | \$90,477.36 | -0.7% | \$109,493.02 | 1.0% | 54.9% | 7.0 |
| DIRECTOR RISK MANAGMENT | \$75,626.95 | -9.0% | \$96,907.06 | -7.5% | \$118,187.17 | -6.6% | 56.2% | 6.0 |
| Director - Senior Services | \$84,054.46 | -29.1% | \$97,349.82 | -17.7% | \$127,162.12 | -23.6% | 51.2% | 4.0 |
| Equipment Operator I | \$32,004.70 | -10.8% | \$39,807.54 | -6.4% | \$49,779.77 | -8.0% | 55.8% | 9.0 |
| BATTALION CHIEF | \$64,908.91 | 1.4% | \$83,414.34 | 2.6% | \$101,919.76 | 3.3% | 57.3% | 9.0 |
| CAPTAIN FIRE | \$58,414.21 | 2.2% | \$73,839.14 | 5.0% | \$89,264.07 | 6.8% | 53.0% | 9.0 |
| Fire Chief | \$96,468.79 | -4.1% | \$119,718.65 | 0.6% | \$150,514.62 | -1.5% | 56.2% | 7.0 |
| DIVISION CHIEF | \$77,732.83 | -16.6% | \$93,695.15 | -9.1% | \$118,059.30 | -11.4% | 52.1% | 7.0 |
| LIEUTENANT - FIRE | \$53,304.91 | 1.6% | \$68,084.75 | 3.4% | \$82,864.58 | 4.5% | 55.7% | 8.0 |
| SERGEANT FIRE EMT | \$48,726.16 | 0.8% | \$60,896.70 | 4.8% | \$73,067.25 | 7.3% | 50.0% | 1.0 |
| FIREFIGHTER /EMT | \$42,312.57 | -9.5% | \$51,768.91 | -3.4% | \$65,105.76 | -5.6% | 54.1% | 8.0 |
| Firefighter - Paramedic | \$47,422.17 | -11.1% | \$60,490.54 | -9.2% | \$73,558.92 | -8.0% | 55.6% | 4.0 |
| GIS - Mapping Manager | \$60,977.53 | -7.0% | \$79,098.72 | -6.8% | \$97,219.90 | -6.6% | 59.4% | 5.0 |
| GIS Analyst | \$47,048.97 | -0.6% | \$60,329.52 | 0.8% | \$73,610.06 | 1.7% | 56.8% | 9.0 |
| Homemaker Aide | \$28,850.44 | -19.9% | \$35,425.42 | -14.2% | \$42,000.40 | -10.5% | 46.0% | 2.0 |
| DIRECTOR - HUMAN RESOURCES | \$79,565.02 | 0.6% | \$104,577.59 | -0.5% | \$124,590.63 | 2.7% | 56.5% | 7.0 |
| HR SPECIALIST | \$39,703.73 | -3.1% | \$49,861.99 | 0.4% | \$60,020.25 | 2.6% | 51.3% | 7.0 |
| Janitorial Technician | \$27,302.97 | -14.4% | \$31,305.86 | -1.9% | \$35,308.76 | 6.8% | 30.3% | 7.0 |
| LABORER | \$28,844.60 | -19.9% | \$37,018.21 | -18.6% | \$45,191.83 | -17.8% | 57.0% | 5.0 |
| LEAD OPERATOR | \$34,970.87 | -5.0% | \$44,093.45 | -2.0% | \$53,216.03 | 0.0% | 52.4% | 7.0 |
| Maintenance Manager | \$47,464.63 | 8.3% | \$60,321.19 | 10.6% | \$73,177.74 | 12.0% | 54.4% | 8.0 |
| MAINTENANCE TECHNICIAN | \$30,684.96 | 3.1% | \$39,118.61 | 5.1% | \$47,552.26 | 6.3% | 55.3% | 7.0 |
| NETWORK ANALYST | \$60,501.39 | -1.3% | \$77,248.36 | 0.5% | \$93,995.33 | 1.6% | 55.6% | 9.0 |
| Parks Manager | \$52,536.44 | -1.8% | \$67,150.62 | -0.1% | \$81,764.81 | 0.9% | 55.7% | 7.0 |
| PARKS WORKER | \$30,469.21 | -20.5% | \$38,433.04 | -17.5% | \$46,396.86 | -15.6% | 52.5% | 9.0 |
| Planner | \$43,450.42 | 2.5% | \$54,935.92 | 5.3% | \$66,421.43 | 7.1% | 53.1% | 8.0 |
| DIRECTOR PUBLIC WORKS | \$82,337.02 | -12.6% | \$121,611.11 | -25.2% | \$132,905.04 | -13.5% | 61.4% | 7.0 |
| Recreation Coordinator | \$40,259.41 | -4.5% | \$51,847.96 | -3.6% | \$63,436.51 | -3.0% | 57.8% | 8.0 |
| CAPTAIN SHERIFF'S OFFICE | \$71,034.70 | -12.5% | \$87,748.76 | -7.4% | \$109,965.43 | -9.2% | 55.0% | 8.0 |
| CORPORAL | \$50,893.53 | -13.3% | \$64,361.85 | -10.5% | \$77,830.16 | -8.8% | 53.2% | 5.0 |
| DEPUTY - CERTIFIED | \$45,656.38 | -12.2% | \$58,536.10 | -10.8% | \$71,415.82 | -9.9% | 56.7% | 9.0 |
| CHIEF DEPUTY SHERIFF | \$90,891.64 | -7.9% | \$110,056.61 | -0.8% | \$135,263.25 | -0.6% | 48.9% | 8.0 |
| LIEUTENANT - SHERIFF | \$60,867.44 | -11.7% | \$77,022.27 | -9.0% | \$93,177.09 | -7.3% | 53.3% | 9.0 |
| MAJOR SHERIFF | \$80,784.01 | -15.6% | \$99,635.20 | -10.3% | \$126,145.36 | -13.1% | 56.5% | 7.0 |
| SERGEANT SHERIFF | \$54,887.76 | -11.1% | \$68,111.32 | -6.4% | \$85,324.61 | -8.2% | 55.8% | 9.0 |
| Staff Attorney | \$66,589.21 | -6.0% | \$84,366.81 | -3.4% | \$102,144.42 | -1.8% | 53.7% | 6.0 |
| Tax Mapper | \$36,765.42 | 4.6% | \$46,826.52 | 6.6% | \$56,887.61 | 7.9% | 54.5% | 2.0 |
| TRUCK DRIVER II | \$34,758.54 | -14.2% | \$44,517.27 | -12.7% | \$54,276.01 | -11.7% | 56.2% | 5.0 |
| ZONING DIVISION MANAGER | \$54,981.12 | 3.4% | \$69,810.58 | 5.7% | \$84,640.03 | 7.2% | 54.1% | 6.0 |
| Overall Average | | -6.2% | | -3.8% | | -2.3% | 54.1% | 6.5 |
| Outliers Removed* | | -4.9% | | -2.8% | | -1.3% | | |



3.2 SALARY SURVEY RESULTS

Market Minimums

It is important to assess where an organization is relative to its market minimum salaries, as they are the beginning salaries of employees with minimal qualifications for a given position. Organizations that are significantly below market may experience recruitment challenges with entry-level employees. As seen in **Exhibit 3B**, the County is currently 6.2 percent below the market average minimum, when considering positions with sufficient responses. The County's benchmark positions ranged from 25.4 percent below to 49.3 percent above the market minimum.

The following are summary points of the results analysis concerning the market minimum:

- Of the 51 positions receiving sufficient response, 38 were below market, averaging 10.1 percent below. These 38 classifications represent roughly 75 percent of all surveyed positions receiving sufficient response.
- Of the 39 positions below market, 18 were more than 10.0 percent below the average market minimum. These positions are displayed in **Exhibit 3C**.

EXHIBIT 3C
CLASSIFICATIONS MORE THAN 10% BELOW THE MINIMUM

| Classification | Survey Minimum % Diff |
|--------------------------|--------------------------|
| Animal Control Officer | -25.4% |
| Clerk 1 | -11.7% |
| Crew Leader | -10.7% |
| Development Inspector | -13.9% |
| Equipment Operator I | -10.8% |
| Division Chief | -16.6% |
| Janitorial Technician | -14.4% |
| Laborer | -19.9% |
| Parks Worker | -20.5% |
| Captain Sheriff'S Office | -12.5% |
| Corporal | -13.3% |
| Deputy - Certified | -12.2% |
| Lieutenant - Sheriff | -11.7% |
| Major Sheriff | -15.6% |
| Sergeant Sheriff | -11.1% |
| Truck Driver II | -14.2% |



- Of the 51 positions receiving sufficient response, 13 were above market, averaging 10 percent above. This classification represents approximately 25 percent of all surveyed positions.
- Of the 13 positions above market, six were more than 5 percent above market minimum average. This position is displayed in Exhibit 3D.

**EXHIBIT 3D
CLASSIFICATIONS MORE THAN 5% ABOVE THE MINIMUM**

| Classification | Survey Minimum % Diff |
|--------------------|--------------------------|
| [Redacted content] | |

Market Midpoints

The market midpoint is exceptionally important to analyze, as it is often considered the closest estimation of market average compensation. As seen in Exhibit 3B, the County is currently 3.8 percent below the market midpoint.

Analysis of the market midpoint comparisons yielded the following information:

- With respect to the midpoint average, 37 of the surveyed positions receiving sufficient response were below the market midpoint, averaging 7.8 percent below. These 37 positions represent 73 percent of the positions surveyed.
- Of the 37 positions below the market midpoint, 10 were more than 10.0 percent below the midpoint. These positions are displayed in Exhibit 3E.

**EXHIBIT 3E
CLASSIFICATIONS MORE THAN 10% BELOW THE MIDPOINT**

| Classification | Survey Midpoint % Diff |
|------------------------|------------------------|
| Animal Control Officer | -22.7% |
| Development Inspector | -10.2% |
| Laborer | -18.6% |
| Parks Worker | -17.5% |
| Corporal | -10.5% |
| Deputy - Certified | -10.8% |
| Major Sheriff | -10.3% |
| Truck Driver II | -12.7% |

- Of the 51 positions receiving sufficient response, 14 were above the market midpoint. This comprises 27 percent of the total classifications surveyed.
- Seven positions were more than 5.0 percent above the market midpoint. Those positions are displayed in Exhibit 3F.

**EXHIBIT 3F
CLASSIFICATIONS MORE THAN 5% ABOVE THE MIDPOINT**

| Classification | Survey Midpoint % Diff |
|------------------------|------------------------|
| Maintenance Technician | 5.1% |
| Planner | 5.3% |

Market Maximums

The pay range maximum averages, and how they compare to the County's, are also detailed in **Exhibit 3C**. The County is, on average, 2.3 percent below the market at the maximum of its salary bands for these 53 classifications.

The following points are regarding the County's position relative to the market average maximum:

- At the market maximum, 30 of the 51 positions fell below the average, averaging 8.3 percent below. These 30 positions represent approximately 59 percent of the total number of positions surveyed.
- Of these 30, 8 fell more than 10.0 percent below the market maximum. These 8 positions are displayed in **Exhibit 3G**.

**EXHIBIT 3G
CLASSIFICATIONS MORE THAN 10% BELOW THE MAXIMUM**

| Classification | Survey Maximum % Diff |
|------------------------|--------------------------|
| Animal Control Officer | -21.0% |
| Division Chief | -11.4% |
| Laborer | -17.8% |
| Parks Worker | -15.6% |
| Major Sheriff | -13.1% |
| Truck Driver II | -11.7% |

- Of the 51 surveyed positions receiving sufficient response, 20 were above the market maximum and one was even with the market maximum. These 21 positions represent 39 percent of the total number of positions surveyed.
- Of the 20 positions that are above the maximum, 11 of them were more than 5 percent above the market maximum. The positions are displayed in **Exhibit 3H**.

**EXHIBIT 3H
CLASSIFICATIONS MORE THAN 5% ABOVE THE MAXIMUM**

| Classification | Survey Maximum % Diff |
|------------------------|--------------------------|
| | |
| Captain Fire | 6.8% |
| Janitorial Technician | 6.8% |
| | |
| Maintenance Technician | 6.3% |
| Planner | 7.1% |
| | |

3.3 SALARY SURVEY CONCLUSION

The standing of individual classifications pay range relative to the market should not be considered a definitive assessment of actual employee salaries being similarly above or below the market; however, such differentials can, in part, explain symptomatic issues with recruitment and retention of employees.

The main summary points of the market study are as follows:

- The County is approximately 6.2 percent below the market minimum.
- The County is approximately 3.8 percent below the market midpoint.
- The County is approximately 2.3 percent below the market maximum.
- The County's pay range spread is approximately 59.6 percent, while its peers' pay range spread is only 54.1 percent.

The results of the market summary chapter are pivotal in the formulation of recommendations by Evergreen Solutions. By establishing the County's market position relative to its peers, Evergreen is better able to propose recommendations that enable the County to occupy its desired competitive position.

Chapter 4 - Recommendations

After reviewing the information provided in the preceding sections of this report, Evergreen developed recommendations by utilizing the foundational elements of the study performed in 2018 to improve Cherokee County's current compensation system. The primary focus of this study, as directed by the county project team, is to build upon that compensation study and use it along with the current market data to modernize the current Cherokee County compensation and classification structures. The recommendations, as well as the findings that led to each recommendation, are discussed in detail in this section. The recommendations are organized into two sections: compensation and administration of the system.

4.1 COMPENSATION RECOMMENDATIONS

The compensation analysis consisted of two parts: an external market assessment and an internal equity assessment. During the external market assessment, Cherokee County compensation for all benchmark classifications was compared to average compensation offered in the market as identified by the selected target peer organizations. The external assessment consisted of comparing Cherokee County against its peer institutions and organizations within its market and revealed that Cherokee County is currently behind the market average. The market position overall average at the survey midpoint shows Cherokee County 4.5% behind market. However, there were several positions that were more than 10% behind market at the survey minimum and midpoint. Cherokee County is at a competitive disadvantage when trying to recruit and retain quality employees in these classifications. During the internal equity assessment, consideration of the relationships between classifications and the type of work being performed by the Cherokee County employees in their classifications was reviewed and analyzed. What follows are the key findings and recommendations that serve as the foundation for the proposed new pay plan. Evergreen is recommending a new pay plan with noticeable changes to the current system. The new structure was created utilizing a blend of existing classifications along with the 2018 pay plan numeric pay grade structure and competitive market salary ranges. It should be noted that changes in classification placement within the pay plan are recommended to provide Cherokee County the best opportunity to strengthen and maintain its market position going forward.

FINDING

The Cherokee County current pay classification report, in effect since 2012, has a minimum starting salary of \$10.82 per hour and does not accurately reflect current compensation practices within the county. This artificially places them behind the market.

RECOMMENDATION 1: Adjust the county pay classification report to reflect current county pay practices by increasing the published minimum starting salary to \$15 per hour. Furthermore, Evergreen recommends approval of the proposed pay structure and updated, market competitive salary ranges.

One of the key study goals is to create a pay plan that is competitive with the market for which Cherokee County competes for quality employees. While Cherokee County current practice is to provide a starting salary that meets the market minimum of \$15 per hour, the current published classification plan needs to be updated to reflect a new, best in brand compensation philosophy. To achieve this, Evergreen is proposing a starting salary for the proposed pay plan of \$15 per hour with 27 pay grades and a standardized wage progression based on the current market. If approved, Cherokee County will create a simple, easy to understand and structured pay plan that adheres to HR best practices and immediately brings Cherokee County policy in alignment with the published compensation plan.

The proposed pay plan with recommended changes is illustrated in **Exhibit 4-1**.

**EXHIBIT 4-1
PROPOSED PAY PLAN**

| Grade | Minimum | Midpoint | Maximum | Range Spread | Midpoint Progression |
|--------------|----------------|-----------------|----------------|---------------------|-----------------------------|
| 101 | \$ 31,200.00 | \$ 40,560.00 | \$ 49,920.00 | 60.0% | - |
| 102 | \$ 32,760.00 | \$ 42,588.00 | \$ 52,416.00 | 60.0% | 5.0% |
| 103 | \$ 34,398.00 | \$ 44,717.40 | \$ 55,036.80 | 60.0% | 5.0% |
| 104 | \$ 36,117.90 | \$ 46,953.27 | \$ 57,788.64 | 60.0% | 5.0% |
| 105 | \$ 37,923.80 | \$ 49,300.93 | \$ 60,678.07 | 60.0% | 5.0% |
| 106 | \$ 39,819.98 | \$ 51,765.98 | \$ 63,711.98 | 60.0% | 5.0% |
| 107 | \$ 41,810.98 | \$ 54,354.28 | \$ 66,897.57 | 60.0% | 5.0% |
| 108 | \$ 43,901.53 | \$ 57,071.99 | \$ 70,242.45 | 60.0% | 5.0% |
| 109 | \$ 46,096.61 | \$ 59,925.59 | \$ 73,754.58 | 60.0% | 5.0% |
| 110 | \$ 48,401.44 | \$ 62,921.87 | \$ 77,442.30 | 60.0% | 5.0% |
| 111 | \$ 50,821.51 | \$ 66,067.97 | \$ 81,314.42 | 60.0% | 5.0% |
| 112 | \$ 53,362.59 | \$ 69,371.36 | \$ 85,380.14 | 60.0% | 5.0% |
| 113 | \$ 56,030.72 | \$ 72,839.93 | \$ 89,649.15 | 60.0% | 5.0% |
| 114 | \$ 58,832.25 | \$ 76,481.93 | \$ 94,131.61 | 60.0% | 5.0% |
| 115 | \$ 61,773.87 | \$ 80,306.03 | \$ 98,838.19 | 60.0% | 5.0% |
| 116 | \$ 64,862.56 | \$ 84,321.33 | \$ 103,780.09 | 60.0% | 5.0% |
| 117 | \$ 68,105.69 | \$ 88,537.39 | \$ 108,969.10 | 60.0% | 5.0% |
| 118 | \$ 71,510.97 | \$ 92,964.26 | \$ 114,417.55 | 60.0% | 5.0% |
| 119 | \$ 75,086.52 | \$ 97,612.48 | \$ 120,138.43 | 60.0% | 5.0% |
| 120 | \$ 78,840.85 | \$ 102,493.10 | \$ 126,145.35 | 60.0% | 5.0% |
| 121 | \$ 82,782.89 | \$ 107,617.75 | \$ 132,452.62 | 60.0% | 5.0% |
| 122 | \$ 86,922.03 | \$ 112,998.64 | \$ 139,075.25 | 60.0% | 5.0% |
| 123 | \$ 91,268.13 | \$ 118,648.57 | \$ 146,029.02 | 60.0% | 5.0% |
| 124 | \$ 95,831.54 | \$ 124,581.00 | \$ 153,330.47 | 60.0% | 5.0% |
| 125 | \$ 100,623.12 | \$ 130,810.05 | \$ 160,996.99 | 60.0% | 5.0% |
| 126 | \$ 105,654.27 | \$ 137,350.56 | \$ 169,046.84 | 60.0% | 5.0% |
| 127 | \$ 110,936.99 | \$ 144,218.08 | \$ 177,499.18 | 60.0% | 5.0% |
| UNG | - | - | - | - | - |

Implementation of the new compensation structure requires two steps. First, all positions were assigned to an appropriate pay grade within the overall plan, with the majority of classifications retaining a similar hierarchy they were assigned to in the previous structure of the 2018 Evergreen study. For those positions that were found to be further behind market, adjustments were made to better align with the market. Those impacted positions were reassigned to an appropriate grade in the updated pay plan, based on the market results and internal equity in the county. Assigning pay grades to classifications requires a balance of

internal equity and desired market position, and recruitment and retention concerns also played a role in the process. Thus, the market results discussed in **Chapter 3** were the primary but not sole criteria for the proposed pay ranges. The proposed compensation plan has slightly less pay grades when compared to the 2018 Evergreen comprehensive classification and compensation study due to the changes in the market. To properly slot each classification competitively, fewer pay grades were necessary.

RECOMMENDATION 2: Evergreen recommends Cherokee County adopt an implementation methodology consistent with their compensation philosophy to transition employee salaries into the proposed pay plan.

The second step of implementing the proposed structure is to transition employee salaries into their new recommended pay ranges. This step can be done via a variety of methods, each with their own strengths and drawbacks. Evergreen has provided two different recommendations for implementing salaries that Cherokee County can pursue. During this engagement, Evergreen observed extensive modifications to the proposed pay grade assignments made by Cherokee County staff in an effort to establish a more competitive market position. The proposed pay ranges would place Cherokee County with salary ranges at the highest levels of the market for which they compete for talent. Cherokee County determined the Compa-Ratio methodology best aligns with the County compensation philosophy and goals while also adhering to the fiscal priorities in place today. Each of the options ensures that employees are moved to the minimum of their recommended pay grade as well as any additional adjustment the methodology suggests.

30-Year Tenure Parity

This option consists of placing employees into their proposed pay ranges on the basis of total time spent with Cherokee County. This is done on a total 30-year basis. The parity effectively divides the pay range into 30 equal segments, where each segment represents a year of time with Cherokee County. If an employee has been employed by Cherokee County for 15 years, they would be placed at the midpoint of their new recommended pay grade. If an employee's current salary is higher than their tenure parity projected salary, no adjustment is made; and, as such, **no salaries are decreased as part of this adjustment**. This methodology seeks to realign employee salaries on the basis of how long they have been employed in service to Cherokee County in any job title. Years of service can space out wage compressed employee salaries along the range based on organizational tenure only. This methodology does not account for time in classification or past experience employees may have outside of the Cherokee County. The estimated cost for this adjustment is **\$5,011,204.53** affecting a total of **932 employees**.

Compa-Ratio

This option impacts all employees by ensuring they are placed into a competitive market position while maintaining any performance gains achieved during their career. This option consists of analyzing employees' current compa-ratio and ensuring that all employees maintain the same compa-ratio when moving into their new range. A compa-ratio is number that uses the relationship between an employee's salary and their pay grade midpoint to show where an employee's salary falls in their grade. This methodology realigns employees in their

recommended salary ranges by maintaining the relationship to the midpoint they have currently. For example, an employee currently at midpoint would move to midpoint in their recommended pay range, an employee currently 5% above midpoint would move to 5% above midpoint in their new range, and an employee currently 15% below midpoint would move to 15% below midpoint in their newly recommended range. The compa-ratio for an employee is calculated by dividing the employee's salary by the pay grade midpoint; therefore, an employee at the midpoint would have a compa-ratio of exactly 100%, any employees below the midpoint would be below 100%, and any employees above the midpoint would be above 100%. This methodology maintains the relationship between employee salaries that currently exist and does not address any wage compression issues that exist. The total cost for the compa-ratio implementation would be **\$17,706,221.98** and would affect **1650 employees**.

**EXHIBIT 4-2
RECOMMENDATIONS AND ESTIMATED SALARY COSTS**

| Implementation Option | Total Salary-Only Cost | Number of Employees Adjusted | Average Adjustment for Impacted Employees | % of Payroll |
|-----------------------|------------------------|------------------------------|---|--------------|
| Bring to Min | \$ 1,989,390.73 | 471 | \$ 4,223.76 | 2.1% |
| Tenure Parity | \$ 5,011,204.53 | 932 | \$ 5,376.83 | 5.3% |
| Compa Ratio | \$ 17,706,221.98 | 1650 | \$ 10,731.04 | 18.8% |

4.2 COMPENSATION AND CLASSIFICATION SYSTEM ADMINISTRATION

Any organization's compensation and classification system will need periodic maintenance. The recommendations provided in this chapter were developed based on conditions at the time the study was conducted. Without proper upkeep of the system, the potential for recruitment and retention issues may increase as the compensation and classification system becomes dated and less competitive.

RECOMMENDATION 3: Conduct a staffing study and comprehensive classification review.

Once the proposed pay plan has been implemented, Cherokee County will have a compensation plan with external equity. The internal equity has been established using the 2008 study. Policy priorities and resource allocation evolve and change over time. The next step in the Cherokee County's development of a balanced, best-in-brand compensation structure would be to conduct a comprehensive classification review and update. Changes to classification and compensation do occur, and while the increments of change may seem minor, they can compound over time. A failure to react to these changes quickly has the potential to place Cherokee County in a poor position for recruiting and retaining quality employees. This review would solve any internal equity issues that may exist and give Cherokee County a plan that is equitable both internally and externally. The staffing study performed simultaneously would ensure that adequate human capital is being utilized to meet constituent needs and service level priorities are achieved.

RECOMMENDATION 4: Conduct small-scale salary surveys as needed to assess the market competitiveness of hard-to-fill classifications and/or classifications with retention issues and adjust pay grade assignments if necessary.

With Cherokee County establishing new pay ranges at or above the 75th percentile at the time of implementation, it is unlikely a compensation study would be necessary for several years. If during that time, one or more classifications are exhibiting high turnover or are having difficulty with recruitment, Cherokee County should collect salary range data from peer organizations to determine whether an adjustment is needed for the pay grade of the classification(s).

While the previous two recommendations intend to maintain the competitiveness over time of the classification and compensation structure as a whole, it is also necessary to establish procedures for determining equitable pay practices for individual employees.

RECOMMENDATION 5: Review and revise, as appropriate, existing pay practice guidelines including those for determining salaries of newly hired employees, progressing employee salaries through the pay grades, and determining pay increases for employees who have been promoted to a different classification.

The method of moving salaries through the pay plan and setting new salaries for new hires, promotions, demotions, and transfers depends largely on an organization's compensation philosophy. However, it is important for Cherokee County to have established guidelines for each of these situations, and that they are followed consistently for all employees. Common practices for progressing and establishing employee salaries are outlined below.

New Hire Salaries

Typically, an employee holding the minimum education and experience requirements for an existing classification is hired at or near the classification's pay grade minimum. Sometimes, for recruiting purposes an organization might need to consider the ability to offer salaries to new employees that consider prior related experience. It is recommended that Cherokee County incorporate practices of establishing new hire salaries while preserving the internal equity of employees' salaries within each classification to the extent possible. Current employees' salaries should be improved to some degree with implementation of the new plans and the proposed potential adjustments to employees' salaries.

Salary Progression

There are several common methods for salary progression including cost of living adjustments (COLA)/across the board and performance based. It is recommended that Cherokee County evaluate annually whether a COLA needs to be applied to both the pay plan and employees' salaries to keep up with cost of living. Additionally, Cherokee County should provide merit increases as warranted based on employees' performance evaluation results and as budget permits. It is also recommended that Cherokee County continuously evaluate its practices to progress employees' salaries and, if necessary, make improvements to preserve equitable pay practices. This is particularly important during the administration of the employee performance evaluation process.

As outlined above, Evergreen recommends Cherokee County enact the second phase of implementing the new pay plan which would involve a one-time salary adjustment for employees to ensure they are placed in the proper percentile of their salary range based on "tenure years." While this major adjustment should be performed when Cherokee County has the financial resources to do so, Cherokee County should continue to adjust salaries annually when financially feasible.

4.3 SUMMARY

The feedback received by the Cherokee County project leadership team provided Evergreen Solutions a solid foundation for the development of recommendations for the county. The willingness of employees, especially the leadership team, to contribute to this dialogue was evident at every phase of this study in the number of employees that took time out of their busy schedules to provide a number of reasonable observations with respect to potential compensation and classification strengths/weaknesses across the organization. These comments were verified and taken into consideration when identifying challenges and formulating the recommendations for Cherokee County.

Employees were enthusiastic when describing their passion for their job, their coworkers, and the community they serve. Even though employees described several potential problems, competition for talent, outdated pay plan and below market compensation key among them, many of these issues can be found in other public-sector utility providers in today's competitive labor market.

Cherokee County should be commended for the desire and commitment to provide competitive and fair compensation for their employees. This process involved a significant commitment of time and dedication to provide a defensible, equitable and market competitive compensation system. The changes and modernization of the county pay plan structure are transformative and reflect a compensation philosophy placing Cherokee County into the upper echelon of public sector service providers. The recommendations in this report establish a new competitive pay plan, externally equitable classification pay grade assignments and system administration practices that will provide Cherokee County with a responsive compensation system. While the upkeep of this will require work, Cherokee County will find that having a highly competitive compensation system that enhances strong recruitment and employee retention is well worth this commitment.

