



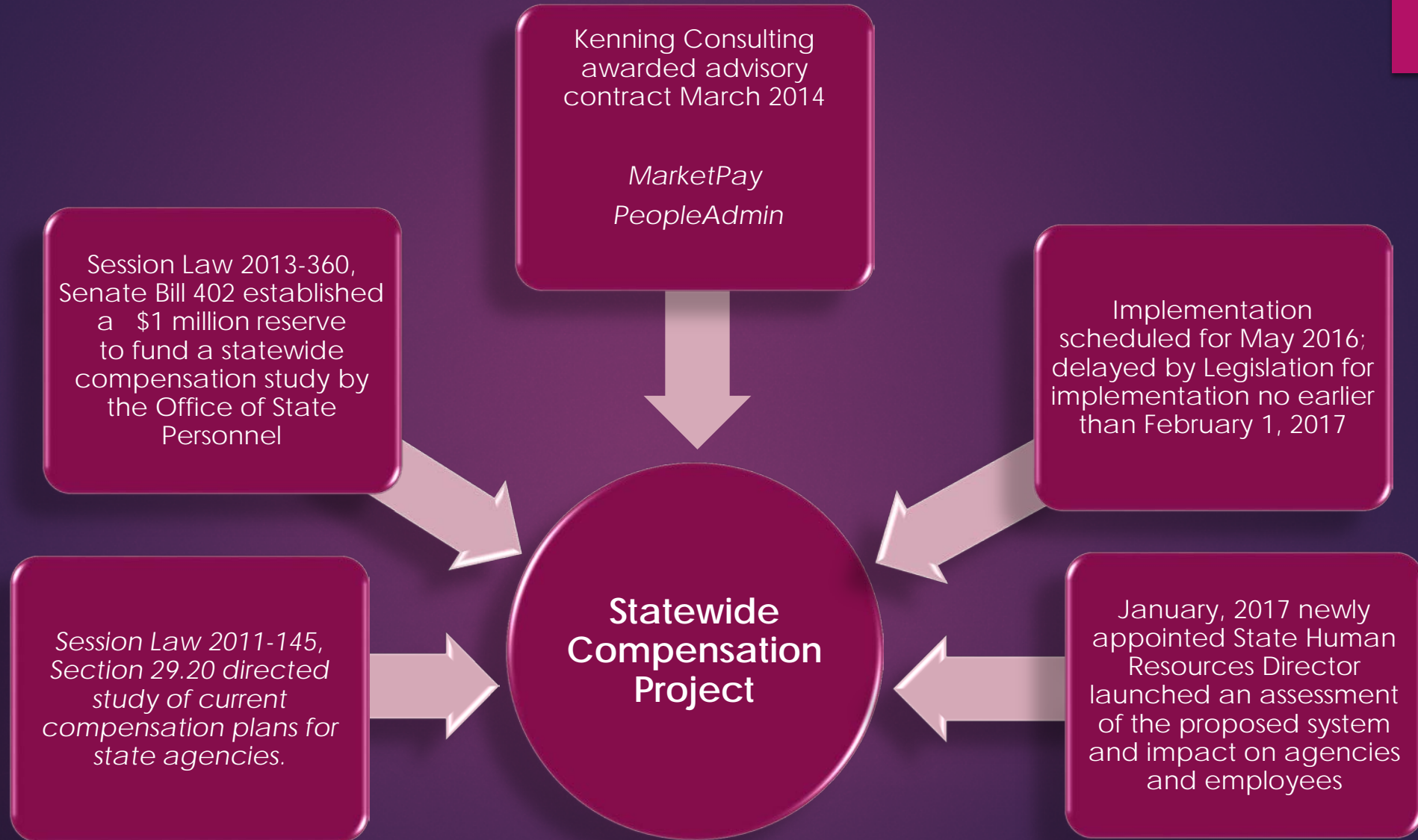
NORTH CAROLINA OFFICE OF STATE HUMAN RESOURCES

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Joint Legislative Oversight Committee on General Government

Update of Statewide Compensation System Implementation

February 6, 2018



Current State Human Resource System

OSHR provides Program Structure & Consultation

OSHR provides delegated authority to agencies for classification, salary setting, and recruitment.

Exceptions to policy and guidelines are sent to OSHR.

Project Vision as of 2015

The State of North Carolina is committed to attracting and retaining a diverse workforce of high performing employees with the competencies, skills, knowledge, and dedication needed to consistently meet continually evolving strategic goals.

The state's compensation system should be reflective of occupational trends and best practices.

The system should be meaningful and easily understood by employees and managers, and administered by Human Resources professionals in a consistent manner.

Project Vision as of 2015 –continued

5

North Carolina's compensation system should be guided by the following key total compensation principles:

Market Responsiveness

Position total compensation competitively with relevant labor markets

Recognize that labor market factors differ for specific occupations

Equitable & Affordable Compensation

Align internal pay within occupational groups while avoiding adverse impacts

Maintain internal classification structure alignment

Maintain fiscal responsibility

Pay Delivery

One component is to recognize and reward employee performance

*Classification
and
Compensation
Project Overview*



Implementation Status

Project Status on January 1, 2017

Elements
in
Place:

- MarketPay Tool
- Market Salary Data
- PeopleAdmin Tool
- Pay Structures
- Classification Specifications (1,400+)
- Initial Agency Allocations
- NCVIP

Implementation Status

Project Status as of Summer, 2017



Inadequate / Incomplete:

- Sufficient Documentation
- Classification Review
- Market Analysis
- Salary Administration Guidelines
- Recruitment Plan
- Communication and Training (mixed messages)
- Performance data in NCVIP

Implementation Status

Issues resolved between January 2017 – January 2018

9

Documentation

- Drafted Project Executive Summary
- Compiled general documentation

Classification

- Identified missing/inaccurate job descriptions; agency HR updating
- Conducted cross-agency reviews
- Class specifications (1,400+) reviewed & updated, new classes added
- Review IT; supporting Optimization project
- Trained agency HR staff – basic classification/market analysis
- Developing library of benchmark job descriptions for consistency

Market

- Documented how classes priced to market
- Developing methodology for updating market data after implementation

Salary Administration

- Developing more detailed & comprehensive salary administration policy

Recruitment

- Updating requirements and systems

Communication/Training

- Conducted employee & manager focus groups to educate and provide input into communication process
- 120 day Communication and Training plan

Performance Management

- Conducted survey of over 5,000 employees including managers/supervisors
- Made requested improvements

Implementation Status

Continuing to resolve for June 2018 Implementation & Ongoing

Documentation

Classification

- Monitor quality of job descriptions
- Continue to collect benchmark job descriptions (have approximately 204, need a total of approximately 500-600)
- Continue allocation review and address impact/issues
- Review grade assignments and pay plans

Market

- Continue to assess matching

Salary Administration

- Salary Administration policy and guidelines
- Assess funding needs
- SAF to meet new minimums

Recruitment

- Recruitment training for agency recruiters

Communication/Training

- Training to move employee through fewer, wider grades while making responsible, consistent, defensible salary decisions
- LOTS OF TRAINING! (HR, Managers, Employees)

Performance Management

- Continue to improve performance system

Going Forward

11

► Advantages to Moving Forward

- Operate in one system
- Reduce the number of classifications
- Provide decision-makers better data for targeted funding
- Better market data for recruitment and retention

► Cautions & Concerns

- THIS IS NOT A MAGIC FIX
- Consistency across agencies
- Understanding by managers, employees
- Managing expectations

This system must be implemented consistently & equitably - with proper funding - to assist in effectively recruiting and retaining State Employees.

Project Milestones

- | | |
|---|-----------------------|
| ➤ OSHR Analysis & Final Allocations | January – February |
| ➤ Moratorium on Classification Actions | February |
| ➤ Allocation of \$3.9 Million
for Classification and Compensation system | April (Effective 2/1) |
| ➤ Training & Communication Materials (Drafting) | January - February |
| ➤ Agency Training & Communication | February - April |
| ➤ Beacon (Pre-Implementation Work) | March – May |
| ➤ Classification Implementation | June |
| ➤ Salary Admin/Compensation (Phase-In) | August - October |

Questions?

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