

Client: Department of Personnel and Civil Service Commission
City of Pittsburgh

Problem:

The City of Pittsburgh needs to create a more viable methodology for awarding pay classification and compensation for its 4,000 employees. Presently, the current classification and compensation system is faced with the following symptomatic problems:

- A weighted factor point classification system which has not been updated to reflect changes in workplace technology and job functions;
- A lack of equity in pay scales in relation to present employment markets; and
- Erosion of internal equity as evidenced through politicization of the classification process, inconsistencies in job classification and compensation, and an explosion of job descriptions.

Background:

In 1978, under the advisement of Arthur Young Consultants, the City of Pittsburgh implemented a weighted factor point system for determining job classifications and compensation. At that time, it was expected that this system would significantly enhance the City's ability to administer employee compensation in a consistent and equitable manner.

As a result, a weighted factor point system of job evaluation is currently used by the City of Pittsburgh. The factor point system consists of seven factors, each of which is weighted. These factors are: (1) knowledge and skills (25%); (2) complexity of duties (15%); (3) relationship and contacts (15%); (4) latitude/effect of error (20%); (5) direction of others (10%); (6) physical effort (10%); and (7) conditions/hazards (5%). Using benchmark positions for each factor and identifying grouping of positions which are similar, the weighted factor point system is used to determine to which degree each of the factors applies to a job. The resulting points are used to obtain a ranking for the position. This ranking is then used to determine pay classification and compensation.

Presently, the process used to determine pay classification and compensation, using this weighted factor point system, is as follows:

- (1) A department submits a request for a new position to the Budget Office and the Department of Personnel and Civil Service Commission. It is determined by both offices if this is feasible.
- (2) The department then submits a Job Analysis Questionnaire to the Department of Personnel. This questionnaire is used to create a Job Description for the position.
- (3) The Job Description is then analyzed through the weighted factor point system to determine pay classification and compensation.
- (4) The Department of Personnel makes a classification and compensation recommendation to the Budget Office.

- (5) The Budget Office considers the recommendation and makes the final decision.

Since 1978, no other significant alterations have been made to this weighted factor point system. Alongside, no major study has been undertaken to reevaluate and update job descriptions, to incorporate new workplace technologies and job functions into the point system or existing benchmarks, and to correct existing problems with the system. Some positions have salaries which are 20% below market salaries (ie., Department of Recreation employees) and others are 30% above market values (ie, Firefighters). Also, no survey has been made to determine whether the current system is the most effective and efficient for determining pay classification within the City of Pittsburgh.

Criteria:

The following criteria were identified by the client as being appropriate for assessing alternatives to the present weighted factor point system:

- (1) Ethical, legal, and moral
- (2) User-friendly: The process needs to be understood and useable by not only employees within the Department of Personnel, but by other employees within the City.
- (3) Apolitical: The classification system should be impermeable to "back-door" politicking or political pressure. Department directors should not be able to bypass the system by negotiating with the Mayor's office or the Budget Office.
- (4) Encourages effective planning: The current system becomes overloaded with last minute position requests right before budget deadlines. The new system needs to promote strategic planning and better time management.
- (5) Prevents job title explosion: As a result of the linkage between job duties and pay, there is a desire to explode job titles versus compressing of job titles.
- (6) Creates a basis for future alternatives that may be needed.

Alternatives:

To assess whether the present weighted factor point system is the most appropriate, alternative methodologies for determining pay classification will be researched and analyzed. Alternatives include such methodologies as:

- (1) Ranking
- (2) Job classification
- (3) A merit based pay system or gain sharing

In assessing alternatives, the direction of research will be two-fold. First, an analysis will be done of other pay classification systems in 4 other cities in the U.S. Criteria for choosing these cities will be based on: similarities to Pittsburgh, infrastructure age and development, size and population, structure of the City government (ie, City Manager vs. Mayor), fiscal status of the City, size of the City's civil service, and its existing pay classification system. In choosing cities, we plan to identify one city with a similar weighted factor point system, and 3 cities with

alternative systems. The Department of Personnel has already done an initial survey of pay classification systems in 50 cities within the U.S, which provides initial information about pay classification systems in other U.S. cities. Second, several consulting groups (Hays & Associates, Deloitte & Touche, etc.) will be approached about their methodologies for implementing pay classifications systems.

Alternative methodologies will enable this group to assess the following: (1) whether the present pay classification and compensation system is the most appropriate for the City of Pittsburgh; (2) if it is the most appropriate, what can be done to improve the current system and eliminate the current problems; and (3) if it is not the most appropriate, what alternative methodology should be implemented. In making this assessment, political, fiscal, and implementability feasibility of alternative methodologies will be considered.