

Shall City Council approve the recommended Police Management compensation benefit changes including an increase of 5% to the Lieutenant pay grade effective immediately, an increase in education incentive pay by rank and degree earned, an increase in employer contribution to a retirement account, and change the holiday differential pay for Patrol Lieutenants assigned to work on City-Paid holidays effective January 1, 2022?

RECOMMENDATION:

Approve the Police Management compensation benefit changes including an increase of 5% to the Lieutenant pay grade effective immediately, an increase in education incentive pay by rank and degree earned, an increase in employer contribution to a retirement account, and change the holiday differential pay for Patrol Lieutenants assigned to work City-Paid holidays effective January 1, 2022.

FACTS AND FINDINGS:

Human Resources completed a comprehensive review of historical documents from 1989 to present of all compensation benefits received by Salem Police Management after a consultant study confirmed compression issues. The most significant compression occurs between Sergeant and Lieutenant classifications. There is a 16% difference in maximum base pay between Sergeant and Lieutenant (Attachment - Table 1). When estimating maximum pay including multiple incentive pays, educational incentive pay, and retirement contributions as currently eligible by rank, the difference in maximum pay difference decreases to 1.3% between Sergeant to Lieutenant (Attachment - Table 2).

The following categories are the specific compensation benefits that are contributing to compression level and causing internal equity issues that impact recruitment and promotional interest.

1. Incentive Pay (for extra duty, special assignment/units, and teams):

Represented Police (SPEU) members can receive multiple incentive pays (ranging from 2.5% to 5% per each incentive). In 1989 and 2006 historical documents, incentive pay was designated to Police Management if assigned to supervise lower-level ranks or units with extra duties, assignment/units, or teams. However, the definition of Police Management was not defined consistently in the documents and currently only sergeants have been eligible to receive these incentive pays. Lieutenants are assigned supervision to lower-level ranks of the same units/assignments and teams and should have been eligible for the incentive pay. Compression is further compounded between Sergeant and Lieutenant by the Sergeants earning up to 15% for multiple incentive pays, in addition to earning overtime.

2. Education Incentive Pay:

Represented (SPEU) members receive an education incentive pay ranging from 2% to 10%

based on a points system for a combination of education and certification level. In a 2014 staff report, Police Management classifications Sergeant and Lieutenant only, receive a flat education incentive pay of 4% regardless of level of education or certification level. Sergeants have similar minimum requirements to that of SPEU ranks yet receive less compensation for the education level. This is a disincentive for police officers to consider promotional opportunities. Lieutenants are required to have the most education requirements which span multiple levels of previous incentives held by lower ranks. This causes an internal equity issue.

3. Retirement:

In 2007, a voluntary employer benefit association (VEBA) plan for retirement was authorized with all Police Management ranks receiving the same employer contribution of one-half of one percent of base salary. It was changed to \$90 per month (date unknown) for Sergeants and Lieutenants. In 2016, the VEBA increased to \$100 per month. However, Deputy Police Chiefs still earn the one-half of one percent of base salary, equivalent to \$66.30 per month. In contrast, represented SPEU ranks receive a total of \$314 per month in represented retirement accounts.

4. Patrol Lieutenant Working Paid Holiday:

Patrol Sergeants and Lieutenants who work on a holiday are paid overtime compensation for the time worked on a City-Paid holiday and they accrue the holiday hours to be taken later or paid. This rule is not in compliance with the Federal Labor Standards Act (FLSA) for the Lieutenant classification. Lieutenants are salaried and not eligible for overtime. When Patrol Lieutenants are assigned to work holiday shifts, there should be equitable compensation for this mandatory assignment of work but not in an overtime hourly calculation.

Recommendations:

In order to create parity among the Police Management ranks, reduce compression issues, especially between sergeant and lieutenant, and incentivize promotional movement through the ranks, the following recommendations are proposed:

1. Increase the Lieutenant pay range by five percent from the current monthly range of \$10,337 - \$11,637, to a new monthly range of \$10,854 - \$12,219, effective immediately due to pending promotions of Sergeant to Lieutenant and loss of overtime compensation. This will reduce compression between Sergeant and Lieutenant and offset additional compensation from the multiple incentive pays and overtime that Sergeants currently receive. The difference in base pay from Sergeant to Lieutenant will increase from 16% to 22%.
2. Increase the Police Management educational incentive pay from 4% to a range up to 8% based only on educational college degree level achieved (Attachment 1 - Table 3) for all ranks in Police Management. This will be more equitable between the ranks, encourage education

within the department, and will not be a potential barrier to career progression.

3. Increase the City contributions to the VEBA for all Police Management ranks to be 2% of base salary. The contribution will vary between \$178 and \$265 per month dependent upon step in pay scale and rank. This is more equitable for the management ranks to be receiving a flat percentage within their pay scale.
4. Change the current time and ½ model of pay for Patrol Lieutenants assigned to work on holidays to a rate of 2.3% holiday differential pay and end the practice of paying overtime. The rate is equal to the difference from the current overtime pay amount from regular pay for annual holiday pay compensation. Using a flat differential pay amount will resolve compliance issues with FLSA and provide equitable compensation for those mandatory patrol assignments.

These recommendations will rectify equity issues between ranks, reduce compression, support and encourage promotional progression, and establish an official record of all compensation benefits eligible to Police Management, from rank of Sergeant up to Deputy Police Chief. If the recommendations are approved, they will be incorporated in the Human Resources Rules.

The expense for the changes is estimated to be \$250,000 annually. The Salem Police Department's FY 2022 budget can absorb current year costs from position vacancies.

BACKGROUND:

The Police Management compensation benefits have not been documented in a formal manner. Information was compiled from historical staff reports, internal memos and payroll documents from 1989 to present. Inconsistencies were found within the records defining the ranks that are considered Police Management and eligible for specific compensation benefits.

Krishna Namburi
Employee, Enterprise, and Technology Services
Director

Attachments:

1. Police Management Compensation Benefits