

To the Mayor and Members of the City Council**September 7, 2023**

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**SUBJECT: MINIMUM WAGE RATE AND TOTAL COMPENSATION**

The purpose of this budget response is to analyze the age demographics of the job classifications at or near the entry wage base pay rate, to review the total hourly employee cost to the City including the pension and benefits contributions, and to share information regarding the City's compensation review process. The City continuously reviews compensation for City employees to ensure it remains competitive in the North Texas marketplace.

As of August, 2023, the City has 4,386 filled full-time and part-time general employees (excluding civil service in Police and Fire) in various City departments and job categories, of which 4,107 work full-time. Currently, 208 employees, or 4.7%, are paid a base rate of \$16 per hour or less (\$15.99-\$15.00). Of those, 93 employees are benefit-eligible as they work more than 20 hours per week, while 115 employees work less than 20 hours per week and are not benefit-eligible. The 93 benefit-eligible employees are comprised in five departments, with the majority (84%) in the Park & Recreation and the Library Departments.

Most of the job titles of employees being paid between \$15.00 - \$15.99 per hour are entry level, temporary and seasonal, including Library Pages, Interns, Recreation Assistants and Maintenance Workers. These jobs provide seasonal summer and evening employment opportunities for college and high school students as well as some senior citizens within the City. As indicated on the table below, 47% of these employees are 29 years or younger while about 14% are 60 years or older. The remaining 40% of employees are between the ages of 30 and 59. The flexibility and availability of these type of job opportunities play an important role in work apprenticeship for young people and work opportunities for senior citizens.

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Analysis of City Employees being Paid between \$15 - \$15.99/hr. by Job Title as of 08/30/23			
Job Title	Full-Time	Part-Time	Total
Library Page	3	41	44
Recreation Assistant	0	28	28
Maintenance Worker	21	2	23
Police Cadet (Apprentice)	0	20	20
Sports Field Monitor	0	20	20
Customer Service Rep I	8	3	11
Golf Shop Attendant	0	11	11
Community Center Aide	3	7	10
Public Events Attendant	9	0	9
Athletics Program Assistant	0	8	8
Food & Beverage Attendant	0	8	8
Arborist I	3	0	3
Custodian	3	0	3
Contract Compliance Technician	0	2	2
Intern	0	2	2
Natural Scientist Assistant	0	2	2
Office Assistant	2	0	2
Golf Cart Attendant	0	1	1
Video Producer/Director	0	1	1
Grand Total	52	156	208

Analysis of Employees Paid between \$15 - \$15.99/hr. by Age Group as of 08/30/23				
Age Group	Full-Time	Part-Time	Total	%
19 or younger	0	21	21	10%
20 - 29	21	56	77	37%
30 - 39	14	21	35	17%
40 - 49	9	18	27	13%
50 - 59	5	14	19	9%
60 or older	3	26	29	14%
Grand Total	52	156	208	100%

Total Compensation for Full-Time Employees

There are many factors and benefits extended to full-time employees that contribute to the total compensation package, including direct and indirect benefits such as pension contributions and health care subsidies, paid leave, overtime, and incentive pay, all of which have a monetary value.

In the example below, the median base rate for full-time Citywide employees¹ is \$27.51, which increases the total compensation to \$38.76 when factoring in the City’s pension, FICA/Medicare and health insurance² contributions made on behalf of employees. Currently, this covers 4,007 employees in six job family categories. For the 93 full-time employees making less than \$16 per hour, the total compensation increases up to \$23.37 per hour.

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Classification Type	Median Pay Rate	Annualized	FICA/ Medicare 1.45%	Pension Contribution 26.64%	Health Insurance Contribution	Total Median Pay Rate	Annualized	No of EE
Clerical Classifications	\$21.87	\$45,490	\$0.32	\$5.83	\$3.52	\$31.53	\$65,589	522
Management Classifications	\$53.73	\$111,758	\$0.78	\$14.31	\$3.52	\$72.34	\$150,473	216
Professional Classifications	\$37.67	\$78,354	\$0.55	\$10.04	\$3.52	\$51.77	\$107,685	1181
Public Safety Classifications	\$26.70	\$55,536	\$0.39	\$7.11	\$3.52	\$37.72	\$78,458	424
Service Trades Classifications	\$22.00	\$45,760	\$0.32	\$5.86	\$3.52	\$31.70	\$65,936	1011
Technical/Para-Professional	\$26.91	\$55,973	\$0.39	\$7.17	\$3.52	\$37.99	\$79,017	653
Citywide	\$27.51	\$57,221	\$0.40	\$7.33	\$3.52	\$38.76	\$80,616	4007
Full-Time: Pay Between \$15.00 - \$15.99	\$15.50	\$32,240	\$0.22	\$4.13	\$3.52	\$23.37	\$48,618	93

¹ Pay information as of 8/30/23 and excludes the following job families: Appointed Classifications, Executives, Department Directors, Assistant and Deputy Department Directors, Fire Civil Service, Police Civil Service and Temporary Classifications.

² Health insurance contribution based on the City’s contribution rate for the most popular plan, which is the Health Center Plan coverage. This plan is subsidized at \$7,318 annually per employee (or \$3.52 per each hour worked by a full-time employee).

Compensation Review Process

The preferred method for minimum pay rate or other pay rate adjustments is best determined by market studies and analysis as this method allows the City to affect the salary structure and is not limited to entry positions and entry pay rates. A market study involves a more complex review and adjustment, due to the number of employees and pay grades affected in the City’s compensation system, along with analyzing pay compression issues and other potential unintended consequences as a result of individual changes.

To this end, *the Biennial Benchmark Study was concluded in 2023 and the recommendations are proposed to be implemented in the FY2024 budget, which includes increasing the minimum entry wage to \$15.45/hour from the current rate of \$15.00/hour. In addition, three jobs titles, Maintenance Worker, Contract Compliance Technician and the Office Assistant, with entry pay grades as listed in this report, are proposed to have the minimum entry pay rates increased from \$15.00/hour to \$16.45/hour in the proposed FY2024 budget. The City’s job salary bands will also be increased by 3% across all general employee job classifications and some job titles will see their pay grades increased to match current the job market.*

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It is important that the City remain competitive in delivering the services our residents expect while *managing increasing labor costs that have an added 26.64% to 27.36% markup for the City's pension contributions*. The Human Resources Department appreciates city leadership's support of these efforts and will continue to work diligently to ensure that compensation is competitive and sustainable to hire and retain high-performing employees.

Please contact Dianna Giordano, Human Resources Director, at (817) 392-7783 with any questions about this information.

David Cooke
City Manager