

To the Mayor and Members of the City Council

September 13, 2023

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**SUBJECT: FY2024 Proposed Minimum Starting Pay of \$16.45**

The purpose of this Budget Response is to update the Mayor and Council in response to a request for information regarding a proposed increase of the City's minimum base pay for general employees to \$16.45 per hour and to provide an analysis of the current pay distributions by age and tenure.

The City of Fort Worth's compensation philosophy is to ensure that, when possible, the salary ranges and average actual pay for City job classifications for general employees are equal, or close, to the respective market midpoints throughout the pay plan. This process ensures that the City is competitive for attracting and retaining the most qualified employees.

It is essential that the City exercise caution when considering any potential increase in the minimum starting pay within the organization. Such decisions should be based on market data and a comprehensive analysis of the current compensation structure. Without this vital information, there is a substantial risk of creating pay compression and morale issues within the workforce. Increasing the minimum starting pay without proper market data can lead to a situation where new hires are earning salaries close to, or even on par with, experienced employees who have been with the City for a longer duration.

In FY2023, the Human Resources Department supported, and Council approved, the increase to the City's minimum starting pay rate of \$15/hour. The total FY2023 impact for both full-time (82) and part-time (85) employees was approximately \$315,179 for 167 employees. This change, though beneficial for some employees, had unintended consequences that resulted in negative effects to the overall compensation structure, pay compression issues (in which the pay variance between entry level classifications and jobs that require more experience or special skills was minimized), equity concerns, and many employee complaints. It became more difficult to defend and explain variances in pay when differences in education, experience, longevity, or past performance, existed. As previously communicated in BR 24-015, the minimum hourly pay rate will be increased to \$15.45 in FY2024 for all pay classifications as recommended in the biennial market study.

Cost for a Minimum Starting Pay of \$16.45 for FY 2024

If the minimum base pay rate is increased, two pay grades, 503 and 504, will start with the same pay rate minimum of \$16.45 per hour. The proposed minimum starting pay increase will directly affect 311 full time, part time, and temporary employees and have a minimum annual implementation cost of \$328,149 (all funds) for current employees as of September 7, 2023 (see Table 1). It should be noted that the City's overall employment fluctuates seasonally and this is an approximate annual implementation cost.

However, in order to avoid compounding upon unintended consequences stated above, the cost to adjust the full pay structure needs to be anticipated. To keep the pay system aligned and employees who are supervising or working alongside others who are at the entry level, a cursory analysis of adjusting upwards the entire 500-series job classifications with an average increase of 5% is estimated to cost \$8.1 million for approximately 2,500+ employees. If all general employee job classifications are adjusted respectively, the total cost to the City will exceed \$16 million.

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Primary Cost - \$15.00 - \$16.45							
Grade	Grade Pay Range	Full-time Cost	# of Full-time Employees	Part-time Cost	# of Part-time Employees	No. of Employees	Cost ¹
503	\$15.45 - \$22.77	\$ 135,558	127	\$ 94,962	119	246	\$ 274,255
504	\$16.45 - \$24.53						\$ -
Temporary				\$ 50,843		65	\$ 53,894
Total						311	\$ 328,149
Note							
1. Cost includes Pension and medicare							
2. Average pay increase to move employees to \$16.45/hr is 5%;							
3. Data is as of September 7, 2023							

Table 1

The HR Department recommends only implementing wholesale modifications to pay that depend on market data and biennial market studies to effectively manage the pay structure and minimize pay compression issues while valuing jobs and employees in an equitable manner. Current market pay study results do **not** support a change to the City’s minimum pay rate of \$15/per hour.

Age Demographics and Job Tenure

A further look at the group of employees in Table 1 shows that employees below 29 years of age collectively make up 41% of employees earning between \$15.00 to \$16.45 per hour (see Table 2 below). This review illustrates the observation that employees in “entry level” and part time seasonal jobs have a relatively short tenure. In comparison, the average city employee as of January 1, 2023 was 45 years old with 11 years of service.

The purpose of this review is to illustrate the age demographics and job tenure of employees in these positions which are considered “entry level” jobs at the lowest pay levels. The majority of these jobs are also part time jobs. These are positions that will lead to higher level jobs should employees choose to promote to higher classified jobs.

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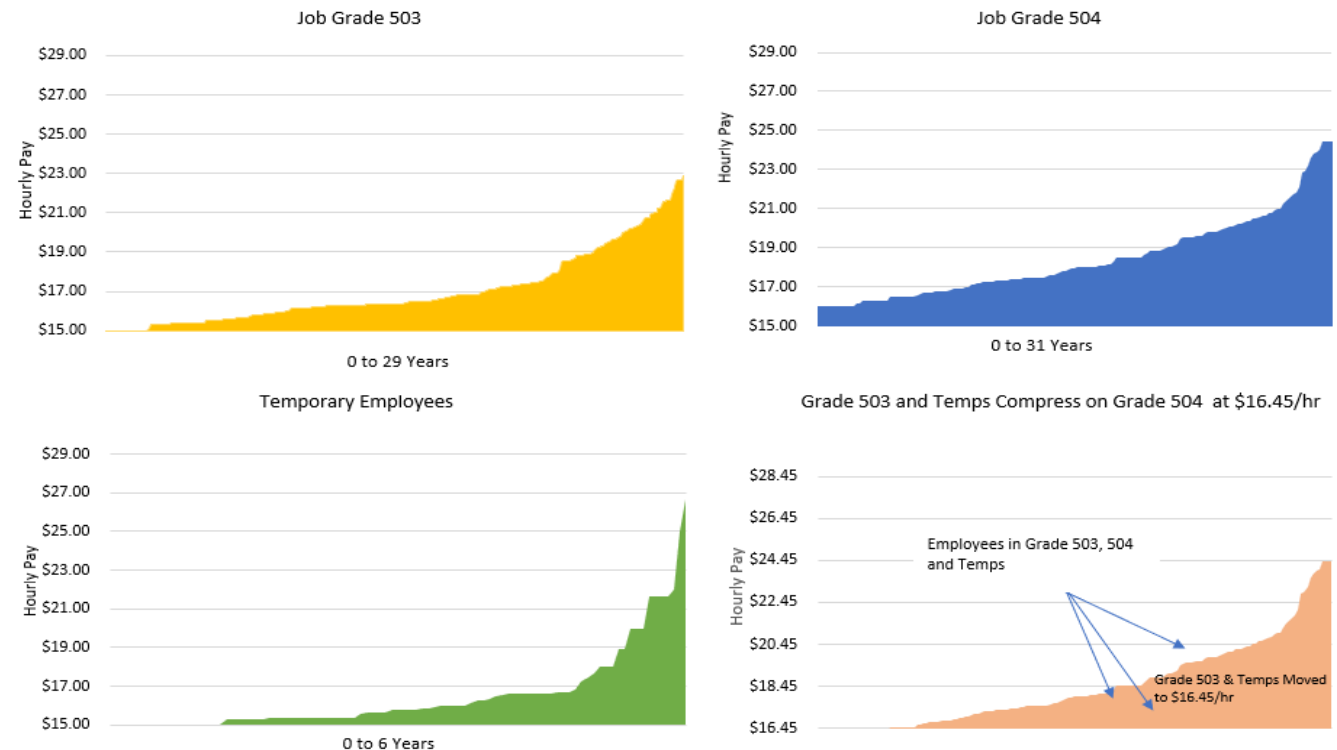


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Employee Tenure by Age Group			
Age Group	Average Tenure (Yrs)	No. of Employees	%
19 or younger	0.4	19	6%
20 - 29	1.1	110	35%
30 - 39	2.7	57	18%
40 - 49	3.0	44	14%
50 - 59	3.3	40	13%
60 or older	4.1	41	13%

Table 2

The following graphs illustrate the potential pay compression effect if the minimum base pay rate is increased. When employees' pay amounts in pay grade 503 (yellow) and temporary employees (green) are adjusted to the same pay amount as employees in grade 504 (blue), employees with less tenure, experience and/or skills (grade 503 and temps) will be making the same pay amounts as longer tenured employees in pay grade 504 (tan – combines employees in grades 503, 504, and temporary employees).



Graph 1

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The HR Department appreciates city leadership's support in this area, but recommends that the City rely on data-driven insights to inform any changes in the compensation policies to ensure fairness, equity and sustainability in the organization.

If you have questions, Dianna Giordano, Human Resources Director, is available.

David Cooke
City Manager

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As of 9/8/2023		<i>Sample Job Summaries for Pay Grades 503, 504, and 505</i>		
FY2024 Pay Grades	Title	Job Summary	Minimum Education	Qualifications / Experience
503 Min - \$15.45 Mid - \$19.11 Max - \$22.77	Community Center Aide	Assists in coordinating and conducting programs and activities at a community center.	HS/GED	6 Mos Exp
	Courier	Picks up and delivers materials, supplies and equipment; and performs a variety of courier duties in assigned area of responsibility.	HS/GED	2 Years Exp
	Cust Svc Rep I	Performs a wide variety of basic customer services and clerical tasks in support of assigned department.	HS/GED	No Exp Req
	Traffic Services Worker	Performs maintenance duties in support of the activities and services of the traffic engineering operations and services.	HS/GED	No Exp Req
	Golf Shop Attendant	Performs duties relative to the daily operation of the Golf Shop including opening and closing, scheduling play, selling and stocking merchandise, assisting with tournaments, etc.	HS/GED	No Exp Req
	Parking Meter Technician I	Performs general tasks related to the installation, programming, maintenance and repair of parking meters	HS/GED	No Exp Req
	Public Events Attendant	Performs event preparation duties relating to the assembly/disassembly of public event activities.	HS/GED w/in 1 year of employment	No Exp Req
504 Min - \$16.45** Mid - \$20.44 Max - \$24.53	Code Compliance Technician*	Performs basic inspections on projects involving a single repair service for contractors or homeowners.	HS/GED	No Exp Req
	Fleet Mechanic I	Performs, diagnosis, and repairs on City mechanical/ motorized equipment, including police & fire vehicles, lawn & garden equipment and other specialized equipment.	HS/GED	No Exp Req
	Office Assistant*	Performs general clerical duties in support of an assigned section/division	HS/GED	2 Years Exp
	Property Control Attendant	Performs a variety of duties of a routine nature relative to the receipt, inspection and inventory of incoming impounded vehicles.	HS/GED	No Exp Req
	Contract Compliance Technician*	Performs contractor monitoring of City Solid Waste provider service collections.	HS/GED	2 Years Exp
	Maintenance Worker*	Performs manual work in construction, maintenance, and repair of City infrastructure and facilities.	HS/GED	No Exp Req
	Water Dispatch Representative	Performs work order dispatch duties for the City Water Department using multiple software programs.	HS/GED	1 Year Exp
505 Min - \$17.62 Mid - \$22.02 Max - \$26.43	Cust Svc Rep II	Provides a wide variety of general customer services in support of various departments.	HS/GED	2 Years Exp
	Data Reporting Technician	Performs data entry into the Police Records Management System.	HS/GED	2 Years Exp
	Meter Services Technician I*	Performs a variety of technical and manual labor tasks associated with the installation, maintenance and repair of water meters.	HS/GED	No Exp Req
	Municipal Court Clerk I*	Performs a variety of administrative duties for City Municipal Courts.	HS/GED	No Exp Req
	Sr Maintenance Worker*	Performs a variety of complex maintenance and construction tasks within an assigned department, division or work unit.	HS/GED	2 Years Exp
	Payroll Technician	Performs a wide variety of complex payroll related functions in support of an assigned area including web-based data entry of time and attendance.	HS/GED	2 Years Exp
	Property Control Specialist	Performs a variety of technical duties relative to the receipt, storage, protection, delivery, release and disposition of property or evidence.	HS/GED	1 Year Exp

*Denotes position will be moved at least one pay grade based upon the benchmark survey for FY2024.

**Pay Grade Entry for 504 is \$16.45/hour

Table 4