



## **Salary Review Commission**

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Date: Friday, May 31, 2002

To: Board of County Commissioners

From: 2002 Salary Commission

Mike Brock, Senior Consultant, HR Northwest  
Ron McGee, Senior Human Resources Manager, IKON Office Solutions  
John McMillan, Human Resources Director, City of Gresham  
Mary Ann Wersch, Director of Human Resources, Reed College  
Eric Wilson, President, HR Integrated Solutions, Inc.

Re: 2002 Multnomah County Salary Commission Report

Under the authority of Section 4.30 of the Multnomah County Home Rule Charter as amended November 6, 1990, the 2002 Multnomah County Salary Commission (Commission) was appointed by the County Auditor and convened to consider and recommend salary levels for the positions of Multnomah County Commissioner (Commissioner) and Chair of the Board of County Commissioners (Chair).

### **Executive Summary**

1. The FY 2001-2002 salary for Commissioners is \$67,800 which is 75% of a circuit court judge's salary. The FY 2001-2002 salary for the Chair is \$90,789 which is the mid-point of the salary range for Multnomah County department directors.
2. The 2002 Salary Commission recommends that the Commissioner's salary remain 75% of the circuit court judge's salary or \$67,800, whichever is greater, effective July 1, 2002 and again on July 1, 2003. The Commissioner's salaries should not exceed 80% of the Chair's salary.
3. The 2002 Salary Commission recommends that the Chair's salary be 125% of the circuit court judge's salary. However in no case may the salary exceed 110% of the maximum of the salary range for Multnomah County department directors.

4. Were the recommendation for the Chair's salary to take effect on July 1, 2002, the Chair's salary would be increased to \$113,000.
5. Should the Board of County Commissioners prefer to phase-in the salary increase over several years, the Salary Commission recommends incremental increases as follows:

<b>Fiscal year</b>	<b>Salary increase</b>
2002/2003	105% of circuit court judge salary
2003/2004	110% of circuit court judge salary
2004/2005	115% of circuit court judge salary
2005/2006	120% of circuit court judge salary
2006/2007	125% of circuit court judge salary

6. However, in no case shall the Chair's salary exceed 110% of the maximum of the salary range for department director.

Respectfully submitted this 31<sup>st</sup> day of May, 2002.

**By the Multnomah County Salary Commission:**

Mike Brock, Ron McGee, John McMillan, Mary Ann Wersch, and Eric Wilson

## **SALARY COMMISSION BACKGROUND**

In November 1984 the Home Rule Charter was amended as follows:

"The auditor shall appoint a five-member salary commission, composed of qualified people with personnel experience by January 1, 1986, and by January 1 in each even year thereafter....(to make) salary adjustment recommendations, if any..."

The first Salary Commission was appointed in 1986 and a new Commission has been appointed in each even year up to the current 2002 Commission.

In 1990, the voters approved a ballot measure submitted by the Multnomah County Charter Review Commission which allowed the Board to approve their own salary increases rather than salary increase recommendations being referred to the voters. However, the measure did specify they were not allowed to set salaries higher than the recommendation from the Commission.

In 1991 a County Counsel's opinion stated that the Salary Commission may also make recommendations regarding the salaries of the Sheriff and District Attorney, if requested. Neither has ever requested that the Commission make such a recommendation.

## **SALARY HISTORY**

From FY 1983-84 through FY 1990-91, the Multnomah County Chair and Commissioners did not receive an increase in salary. From FY 1991-92 through FY 1995-96, cost of living increases were added to Chair and Commissioners' salaries, but their salaries remained far below comparable jurisdictions and the relative worth of the jobs.

The 1996 Salary Commission recommended that the Commissioner's salary be indexed to 75% of a district court judge's salary. The Commission further recommended that the Chair's salary be indexed to the mid-point of the salary range for the Chair's direct reports, Multnomah County department directors.

The 1996 Board of County Commissioners approved the recommendation with the following conditions:

- a) The Board would implement the Commission's recommended three-year phase-in option for Commissioners' salaries and by 1998-99 Commissioners' salaries would be equivalent to 75% of a circuit court judge's salary (district and circuit court judges' salaries have now been made equal).
- b) The Board would implement a five-year phase-in for the Chair and in 1998-99 the Chair's salary would be increased by one third of the difference between the Chair's salary and the department director's salary range midpoint.

The 1998 Commission reaffirmed this methodology for indexing of salaries and further recommended that an appropriate ratio between the Commissioners' salaries and the

Chair's salary be no more than 80%. Should the ratio be more than 80%, the Commissioners' salaries would be reduced to the 80% ratio.

The 1998 Board of County Commissioners did not act on the recommendation, but did in fact increase the Chair's and the Commissioners' salaries in accordance with the phased-in approach approved by the 1996 Board.

The Board of County Commissioners approved the 2000 Salary Commission recommendation that the Commissioners' salary remain \$63,975 or 75% of a circuit court judge's salary, whichever was greater, effective July 1, 2000 and again on July 1, 2001.

The Board of County Commissioners approved the 2000 Salary Commission recommendation that the Chair's salary be increased to the midpoint of the Multnomah County Department Directors' salary range effective July 1, 2000 and in 2001 remain at this level or increase to the mid-point of the department directors' salary range, whichever was greater.

The 2001/2002 Commissioners' salary is \$67,800; the 2001/2002 Chair's salary is \$90,789. The circuit court judges' salary is currently \$90,400.

## **METHODOLOGY AND FINDINGS**

The 2002 Salary Commission collected and reviewed current data from a number of sources. The data is summarized below:

### **1. Information collected by prior Salary Commissions:**

In reviewing the minutes and reports of prior Commissions, it is evident that comparability among county and other jurisdictions is difficult to measure and compare. However, the 1994 Commission determined that the following counties shared some measure of comparability with Multnomah: Clackamas OR, Clark WA, Fresno CA, Lane OR, Marion OR, Pierce WA, Snohomish WA, Thurston WA, and Washington, OR. These remain appropriate comparators although it should be pointed out that only one of the counties, Fresno, has a comparably sized budget (noted below). The others have budgets of approximately half or less the size of Multnomah County.

### **2. Current salary data from the 9 counties defined above:**

The 2002 Commission surveyed these comparable counties for current salary data and the process they use to set salaries for commissioners and the county executive, if they have one. In addition, a comparison of cost of living factors among the geographical areas compared with Multnomah County showed that they are all relatively comparable.

Eight counties have full time commissioners; the average salary for a commissioner is \$72,131, adjusted for geographic differences the average salary is \$72,811.

## Exhibit A: Commissioner salaries of other counties

<u>County</u>	<u>2002 Commissioner Salary</u>	<u>2002 Geographic Adjustment</u>	<u>2002 Adjusted Salary</u>
Clackamas	\$68,588	100.00%	\$68,588
Clark	\$91,224	100.00%	\$91,224
<b>Fresno</b>	<b>\$81,734</b>	<b>101.90%</b>	<b>\$83,287</b>
Lane	\$53,414	100.40%	\$53,628
Marion	\$61,968	106.20%	\$65,810
Pierce	\$68,213	100.20%	\$68,349
Snohomish	\$76,164	99.70%	\$75,936
Thurston	\$75,743	99.90%	\$75,742
<b>Mean</b>	<b>\$72,131</b>		<b>\$72,811</b>
Multnomah			\$67,800

Only  
counties  
elected

three  
have an  
county

executive; the average salary is \$100,238, adjusted for geographic differences the average salary is \$100,124. Because there are only three comparators, this may not be highly useful data.

## Exhibit B: Counties with comparable executive salaries

<u>County</u>	<u>2002 Executive Salary</u>	<u>2002 Geographic Adjustment</u>	<u>2002 Adjusted Salary</u>
Pierce	\$117,097	100.02%	\$117,120
Snohomish	\$120,988	99.70%	\$120,625
Washington	\$62,628	100.00%	\$62,628
<b>Mean</b>	<b>\$100,238</b>		<b>\$100,124</b>
Multnomah			\$90,789

### 3. State legislators, regional councils, and local boards:

A review of these jurisdictions showed very little justification for asserting comparability. However, Metro uses the methodology for setting salaries that was the

basis for the model used by the Salary Commission in 1996. The current data from Metro is detailed in Exhibit C below.

#### **Exhibit C: Comparison with Metro salaries**

<b><u>Metro position</u></b>	<b><u>Salary</u></b>
Executive (salary of a judge)	\$90,400
Presiding Officer (two-thirds of a judge salary)	\$60,568
Councilor (one-third of a judge salary)	\$29,832

#### **4. City of Portland:**

Although past Salary Commissions have not used data from the City of Portland, the County's human resources office does use city data for comparison with both elected official salaries and management salaries. However, it should be noted that city commissioners have operational responsibility for a city bureau. The current data for City of Portland's mayor and commissioners is detailed in Exhibit D below.

#### **Exhibit D: Comparison with City of Portland salaries**

<b><u>City of Portland position</u></b>	<b><u>Salary</u></b>
Mayor	\$98,738
Commissioner	\$83,158

#### **5. Comparability between the Chair and County department directors:**

The Chair has County-wide operational and fiscal responsibilities, which the Commissioners do not, and six department directors report directly to the Chair. The FY 2001/2002 salary range midpoint for department director is \$90,789. Currently, all of the direct report department directors have salaries above the midpoint of the range; four of the six are at the maximum of the salary range.

The County's human resources staff is responsible for the administration of the County's compensation program and pay practices. In an April, 2002 report to the Salary Commission, the HR class/comp staff provided a summary of the current management salary structure, as follows:

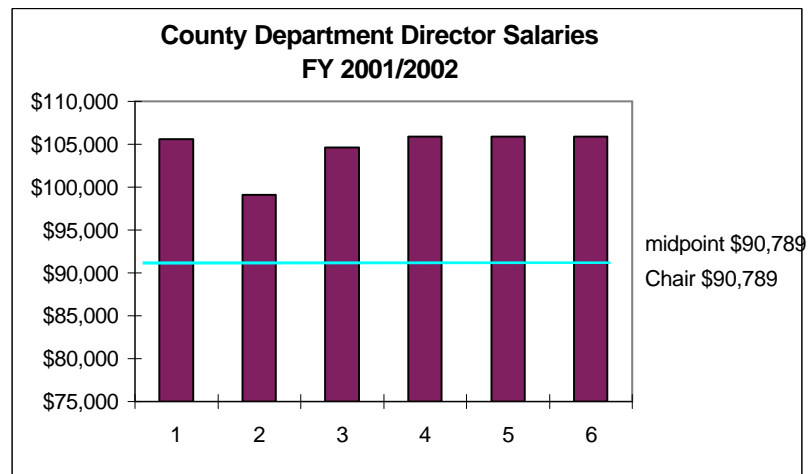
“In general, the studies conducted during the past two years show that management and upper level professional positions are further behind comparable market pay than entry level positions.”

The staff goes on to recommend a salary range for department directors of \$83,353 to \$128,654 with a midpoint of \$105,071. If adopted, this range would still lag the market but would be a step in the right direction.

Past Salary Commissions have relied on the market competitiveness of the department directors' salary to reach its own conclusions, we now believe that is unwise. If the department directors' salary is not competitive, it is not an appropriate benchmark for the Chair's salary.

However, it is still important to have a sense of the Chair's salary compared with her direct reports. Exhibit D shows that comparison.

**Exhibit D compares the current salary of the Chair with the current salaries of the Chair's direct reports.**



#### **6. Comparability with other County elected officials:**

The Multnomah County Home Rule Charter specifies that the county sheriff's salary shall be fixed by the Board in an amount which is not less than that for any member of the sheriff's office.

The County auditor's salary is indexed at 80% of a circuit court judge's salary.

#### **7. CPI considerations:**

CPI data is an integral part of the information base in the data presented above. It has influenced the market data from both outside sources such as other counties and from within the county in determining an appropriate salary range for department directors.

#### **8. Compensation philosophy:**

Typically an organization will consider three factors when designing compensation programs. These are the ability for an organization to attract, retain and motivate employees. However, this Commission believes that these factors are not the primary reason a person decides to run for elected office. Further, people who run for these elected positions are not recruited outside the metropolitan area, so salary comparability as a recruitment tool is simply not a factor. Even so, elected officials should be paid an equitable and fair wage for the work they do. Although it cannot be

proved, this Commission also believes that an equitable and fair salary will attract high quality individuals to run for elected office.

## **RECOMMENDATIONS AND REASONS**

This Commission believes that the indexing of both the Chair's and Commissioners' salaries is an appropriate long term methodology that could and should be adopted.

In considering the salary of the Commissioners, the Salary Commission has determined that indexing to a circuit court judge's salary remains the appropriate methodology. The salary of the Commissioners is now indexed to 75% of a circuit court judge's salary. There are several reasons for this:

1. Other jurisdictions and officials use this index; Fresno County, Metro, and the County auditor salaries are determined using this methodology.
2. Since the judge's salary is determined by the state legislature, commissioners have no influence over their own salary increases.
3. The average of the commissioners' salaries in eight other jurisdictions we surveyed and adjusted (\$72,811) is close to 75% of a circuit court judge's salary (\$67,800).

The Commissioner's salaries should not exceed 80% of the Chair's salary. If the difference in salaries is greater than 80%, the Commissioners' salaries should be reduced to 80% of the Chair's. There are two reasons for this:

1. The Chair clearly has responsibilities the Commissioners do not have and internal equity is an important issue. Maintaining an appropriate difference in their salaries is essential in effective compensation design.
2. It is conceivable (although not likely) that the circuit court judge's salary could increase significantly, a decision over which the County would have no control. The 80% cap will protect the County from this potentially inappropriate financial liability.

In considering the salary of the Chair, the Commission has determined that indexing to the salary range midpoint of Department Director is problematic. There are several reasons for this:

1. The Chair is equivalent to a chief executive officer in the County with a number of direct reports and should be paid at least as much, if not more, than his/her direct reports. Each of the direct reports has salaries exceeding the midpoint of the range.
2. There is precedent with the County for a manager to be paid no less than his/her direct reports (see Home Rule Charter regarding sheriff's salary).



3. The County human resources staff has provided data demonstrating that the salary range for department director is no longer comparable with the market. Therefore, tying the chair's salary to a below-market range only compounds the problem.

Instead, the Salary Commission is recommending that the Chair's salary be indexed at 125% of the circuit court judges' salary. However, in no case should the salary exceed 110% of the maximum of the Department Directors' salary range. There are several reasons for this:

1. Other jurisdictions and officials use this index; Fresno County, Metro, and the County auditor salaries are determined using this methodology.
2. Since the judge's salary is determined by the state legislature, the Chair will have no influence over his or her own salary increase.
3. The cap of 110% of the department directors' salary range maximum retains internal equity within the County system.

## **2002/2003 AND 2003/2004 SALARIES**

The 2002 Salary Commission recommends that the Commissioners' salary remain \$67,800 or 75% of a circuit court judge's salary, whichever is greater, effective July 1, 2002 and again on July 1, 2003.

The 2002 Salary Commission recommends that the Chair's salary increase to \$113,000. Although the Salary Commission believes strongly this is an appropriate salary and in terms of effective compensation theory can certainly be justified, the Board may prefer that the increase be phased-in over a five year period, as noted in Executive Summary point #5. If that is the case, the Salary Commission recommends that the incremental increases be no less than 5% annually.

## **ENHANCING SERVICE TO THE PUBLIC**

Finally, the Commission recommends that the Board of County Commissioners accept the recommendations in total for the following reasons:

- a. the recommendations come from professionals in the field of compensation and are based on accurate, relevant and appropriate data and methodologies;
- b. the salary recommendations relate to the office and not to persons; in other words, the salaries are based on what the *job* is worth and because it does not include a "pay for performance" model it is not a measure of the worth of the *individual* who occupies the position;

- c. being paid for what the job is objectively worth is extremely vital to maintaining high quality leadership in Board members and their successors; thus the public will be better served.

## **FURTHER CONSIDERATIONS**

The 2002 Salary Commission urges consideration of the concerns expressed by the County's human resources compensation professionals. Specifically, we urge the Board to:

- adopt a broadband salary range that reflects similar pay structures for managers that will begin to address the County's base salary compression problems;
- adopt a compensation philosophy that reflects the organization's goals; and
- consider non-base pay alternatives for executive compensation.

## **LAST BUT CERTAINLY NOT LEAST**

The Salary Commission wishes to thank Multnomah County HR Operations Manager Cathy O'Brien and Compensation Analyst Lucy Shipley for collecting and sharing valuable information regarding management salaries and comparable jurisdictions.

The Salary Commission also wishes to extend its heartfelt gratitude to the Multnomah County Auditor Suzanne Flynn and her assistant Judy Rosenberger for the research and support provided to the Commission, for willingly attending (or at least appearing to...) all early morning meetings with a much appreciated continental breakfast, for the collection and distribution of minutes, and for their warm, caring and friendly ways. We could not, and would not want to, do our work without them. Thank you!