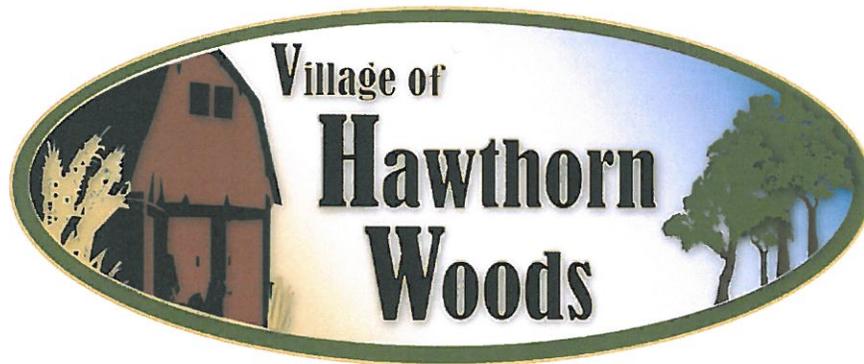


**VILLAGE OF  
HAWTHORN WOODS, ILLINOIS**



**COMPREHENSIVE JOB DESCRIPTION,  
SALARY, AND BENEFIT ANALYSIS**

**JULY 2012**

*The Human Resources Implementation Team*

*Trustee Peter Ponzio*

*Trustee Steve Riess*

*Pamela Newton, Chief Operating Officer*

*Kristin Kazenas, Chief Financial Officer/Human Resources Director*

## **EXECUTIVE SUMMARY**

**Village of Hawthorn Woods**  
**Executive Summary**  
**Comprehensive Job Description, Salary and Benefits Analysis**  
**July 2012**

**Background**

Hawthorn Woods was established as a municipality over 50 years ago as an oasis from the City of Chicago, located 35 miles from Hawthorn Woods. The original Village founders wanted to maintain a rural atmosphere and establish our Village as an upscale community with open spaces, parks and other amenities while providing a level of excellent service commensurate with such a community.

The current Village Board strives to maintain the goals established more than fifty years ago by the Village founders. In order to do so, we must ensure that our residents are provided with cost effective services that enhance the community and provide necessary core services to the Village by providing health, safety and welfare provisions for a growing community in an urban county.

In order to provide cost effective services, the Board has asked that the Village be run in the spirit of a small business, where each member of the staff exhibits professionalism and takes pride in his or her work. The Board also believes that attracting top talent is necessary to provide cost effective services to our residents, and maintain professional operations of Village departments that serve the high expectations of our constituents.

Approximately one year ago, the Board appointed an implementation team to review our salary, benefits and compensation structure in order to determine the following:

- Were we fostering a culture that emphasized excellent service?
- Were we hiring with a small-town mentality with out expecting municipal professionals?
- Were our pay rates competitive with other municipalities in the area?
- Did we have a salary structure that was formalized, and promoted equitable treatment across job categories?
- Was our benefits package comparable to other municipalities?
- Did our current compensation structure attract top talent? And retain them beyond a two-year training period?
- How did our compensation package compare to compensation packages in the private sector?

- Could we reduce or eliminate turnover by providing a career growth salary structure?
- Could we articulate our compensation package in such a way that residents could understand how we compensated staff, and could understand how the services provided by the Village resulted in a fair compensation system?

This summary will outline the steps the Village has taken to address these issues and provide a compensation system that is based on data from both the public and private sectors, and which can serve the needs of the Village in the future. We invite all residents to review the public sector data and the summary private sector data and ask any questions which they might have regarding this study.

### **Methodology**

**Phase One** - Our initial study of public sector data was undertaken by graduate students from the University of Illinois, Circle Campus as part of their capstone, or final project required for graduation. This project served as their final class, and was supervised by Mary K. Feeney, Ph.D., who was the faculty advisor on the project. The graduate students who worked on the project were: Kristin E. Gilbert, Caitlin L. Lisa, Stephanie J. Whitaker and Lauren T. Whitehair; the students made a formal presentation to the Village Board during an open meeting, in April 2012.

The students, in conjunction with the Human Resources Implementation Team, identified ten (10) municipalities, which were selected as comparable communities to Hawthorn Woods. These communities were selected based on the following characteristics: population, square miles occupied by the village/town, miles from Hawthorn Woods, Equalized Assessed Value of the homes in the village/town, property taxes collected by the village/town, annual budget for the village/town, and annual personnel budget for the village/town. Some were smaller in population and some larger, but all could be considered competitors for our employees.

The students then conducted live interviews with personnel from each village/town or submitted Freedom of Information Act (FOIA) requests from each village/town to determine job titles, job descriptions, salaries and benefits for each position.

The students conducted individual interviews with employees of the Village of Hawthorn Woods to determine their job responsibilities, salaries and benefits. Having compiled data from each of the municipalities as well as data from Hawthorn Woods, the students then prepared comparable tables for each position showing salary and benefits information on a job by job basis, and showing minimum/mid-point/maximum salary ranges by position. This data was displayed at the open meeting, and presented to the Board in April.

Based on questions from the Board, it was determined additional work was needed to complete the study. The additional work was stated as follows:

- Job descriptions were to be reviewed with each employee, the employee's supervisor and the Human Resources Director to ensure that the descriptions were accurate
- Where exceptions or errors were noted, these would be investigated and corrected
- Comparisons with Private Sector data were required for each job, so that the Village could ensure that external equity (i.e. pay scale setting) would be maintained
- Administration of the compensation system was understandable, and objective
- Adjustments to total compensation, if required, would be made only if they could be funded through the budget

**Phase Two** – Data on private compensation packages, unlike data for public entities, are not subject to FOIA disclosure rules, and are generally available only from specialized Human Resources consulting firms. Staff contacted the Villages of Schaumburg and Lombard to request information, which these municipalities used in conducting a compensation study comparing both public sector and private sector jobs. The Villages were unable to provide detailed information on comparable private sector data (they were prohibited from doing so by contract), but did provide us with summary data on their compensation studies.

We used the information, which we received from these Villages to contact several consulting firms in order to commission a compensation study of total compensation packages at private firms. After reviewing the information available and the cost of the information, we decided to use data obtained from Robert Half, the international finance, IT and office staffing firm, along with data provided from the Hay Group, a worldwide salary and benefits consulting group. This data was obtained at a very reasonable rate.

Having already established job descriptions and titles from the UIC study, we matched these with similar job categories in the private sector. We received data from the Hay Group, and compiled data from Robert Half, which allowed us to compare similar job descriptions in the private sector and at Hawthorn Woods. The data from each of these companies was developed from a broad range of industries in the United States, and was adjusted for regional conditions in the Chicago-land area.

The consultants at the Hay Group suggested that we construct our salary structure not on individual jobs, but in job bands, which group like functions together in a broader category. As an example, one band might be composed of the following individual job titles, all of which share similar job functions: Code enforcement officer, Maintenance Specialist – Building Facilities and Maintenance Specialist – Parks. Minimum/Mid-Point/Maximum salary ranges were then developed for each band. This trend in job banding has been in place within private companies for a number of years, and has recently been adopted by progressive municipalities, such as Schaumburg and Lombard. The Village has accordingly developed seven (7) bands as a part of our compensation structure.

Detailed private sector data is not available for public inspection and is the property of the Hay Group. The Village of Hawthorn Woods has signed an agreement with the Hay Group, which prohibits us from disclosing this information to the general public. Summary information is available to the public upon request.

**Phase Three** – Having obtained data from the public sector and private sector on total compensation, we then compiled the data into tables showing public sector data for salaries and benefits for the ten (10) municipalities identified in the UIC study, and the Village of Hawthorn Woods.

We then developed tables showing the private sector data versus the data for Hawthorn Woods. As a final check on the methodology and our approach to selecting and compiling the data, we asked our auditing firm, Sikich and Company, whose Human Resources consulting group we utilize, to review our results. Sikich has confirmed that the approach we have taken, as well as our methodology, is sound.

The total out-of-pocket cost to the Village for undertaking this comprehensive study was \$3,500. These costs were mitigated by the use of UIC graduate students whose time was donated to us by the University, as well as the work of staff and volunteer work by Trustees.

### **Results**

A review of the public sector data developed from the ten (10) municipalities reveals that of the twenty-two (22) positions in the Village (excluding police officers and police sergeants who are covered by union contract), nineteen (19) employees are below the minimum compensation level defined by the bands.

A review of the private sector data reveals that of the twenty-two (22) positions in the Village (excluding police officers and police sergeants who are covered by union contract), eighteen (18) employees are below the minimum compensation level defined by the bands.

Turning to benefits in the public sector, we find that the Village ranked last compared to other Villages in total benefits packages provided to employees, both in terms of health benefits paid for and assumed by employees and in terms of total days off (vacation and sick days combined). Detailed comparisons of public sector benefits payable are available for public inspection.

When comparing benefits paid by the Village to benefits paid in the private sector, the Village pays approximately 84% of the cost of health care, when compared to the cost of health care provided by private companies nationally. Similarly, we see that the Village pays under 70% (on average) of the cost of disability pay, when compared to the national average of private sector companies. In terms of retirement benefits, the Village pays approximately 125% of the national average of private companies for salary bands 3 – 7, but approximately 15% of the

national average of private companies for salary bands 1 and 2. It should be noted that retirement benefits are not controlled by the Village, but are mandated by the State of Illinois. It should also be noted that when comparing salary bands 1 and 2 with the private sector, that private sector benefits paid at these levels include LTIP (long term incentive plan) payments, stock options, executive retirement plans, etc.

### **Recommendation**

The Human Resources implementation team has examined the results of the study, and has determined the following:

- The total benefits program offered by the Village is less than that of private companies for similar jobs. When compared with other municipalities, the Village has shifted more of the cost for healthcare to employees, and this trend is now continuing at other municipalities. In addition, in 2010, the Village adopted a “paid time off” (PTO) program as a cost saving measure. The IPMA-HR (International Public Management Association for Human Resources) published a Benchmarking Survey Report entitled, “Benefits in the New Economy.” Hawthorn Woods CFO Kristin Kazenas was quoted in this national report “The implementation of a PTO program supports the Village Board directive that the Village be operated like a small business.” We believe that our benefits programs are adequate to attract and retain top talent, and that other municipalities will follow our trend of sharing health care costs with employees. The implementation team does not recommend a change in this area.
- The implementation team proposes that the Board adopt the banding compensation system developed as a result of this study, and that the Board adopt the Min/Mid/Max guidelines attached as a part of this study.
- There is a significant gap which exists in the Minimum Salary levels for Village employees. On the basis of a strict dollar-for-dollar comparison with the ten (10) municipalities identified in the UIC study, employees of the Village are \$412,000 under the average Minimum Salary level (in the aggregate) for the twenty-two (22) employees covered by this study. The implementation team does not believe a strict dollar-for-dollar comparison should be used, but that the data should be smoothed through regression analysis, which results in a shortfall of \$161,000 (in the aggregate) for the twenty-two (22) employees covered by this study. This analysis considers the Village EAV, budgetary constraints and demographics.
- When comparing the gap which exists in the Minimum Salary levels for Village employees with employees in the private sector, the gap increases to \$1.7 million on a dollar-for-dollar basis, driven largely by the discrepancy in top-level private sector employee pay. The implementation team does not believe that public sector employees should be compensated in the same manner as private sector employees, and have

provided this information in order to ensure our residents that we have examined total compensation in both the public sector and private sector.

- The implementation team is cognizant that although a gap exists in total compensation for Minimum Salary levels in the amount of \$161,000, this amount cannot be made up in one budget year. The group is therefore proposing that an amount of \$85,000 be allocated from the budget surplus carried over into the current year, and that the remainder of the shortfall of \$76,000 be funded in the 2013 budget cycle. This plan can be accomplished and sustained in future budgets without impacting municipal services.
- This recommendation follows the salary plan in the Village's existing collective bargaining agreement for the police department union employees. The Village committed \$150,000 for 12 police department employees as part of a legally required salary arbitration settlement in 2009.

### **Conclusion**

With the recent celebration of our 50<sup>th</sup> anniversary of incorporation, the Village of Hawthorn Woods is now established as a full-service municipality, committed to providing excellent service to our residents. Part of that commitment to the people we serve includes attracting and retaining municipal professionals at all levels of the organization. The implementation of this compensation plan is the first step in achieving that goal.

### **Acknowledgements**

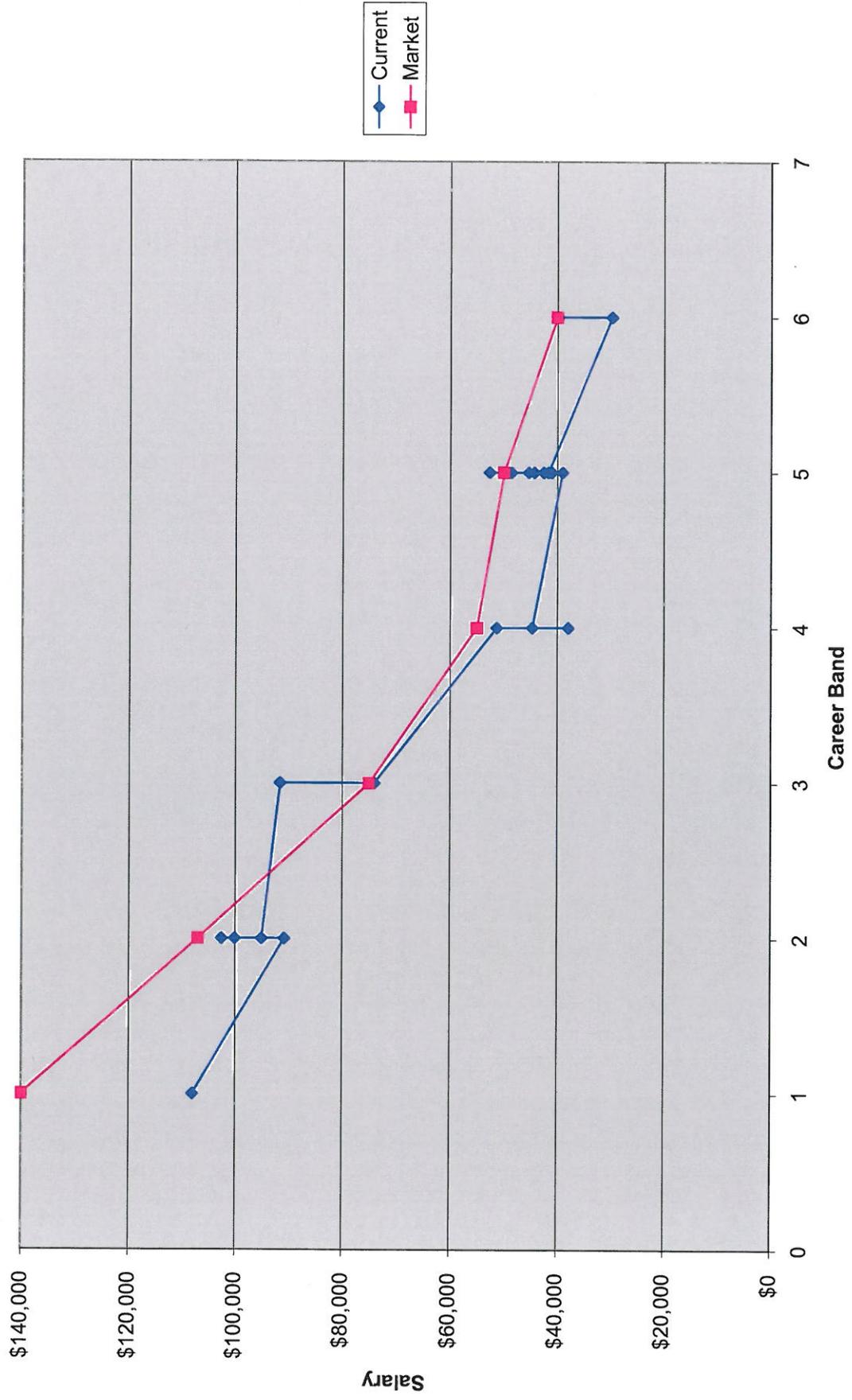
The Human Resources Implementation Team would like to thank the UIC graduate student group for their assistance in this study. In addition, the group would like to thank Village employees for taking the time to participate in interviews and surveys which were a part of this study. The assistance of the municipalities who provided data for this study is greatly appreciated, as well as the summary data provided by the municipalities of Schaumburg and Lombard. The implementation team would like to thank the Board for demanding excellence of staff members, for restoring pride in the Village, and for commissioning this study. We believe that attracting and retaining top talent will continue to provide cost effective, excellent service to our community. Finally, we would like to thank the residents of the Village as they support this plan.

Village of Hawthorn Woods  
 Compensation Plan Recommendation  
 July 2012

Career Band	Positions	# of Positions	Recommendation			Comparables						
			Minimum	Midpoint	Maximum	10 Benchmark Municipal Public Sector			Hay Group			Chicago Average Robert Half
						National Average Private Sector	National Average Private Sector	Chicago Average Private Sector				
1	Executive	1	\$140,000	\$167,500	\$195,000	\$168,623	\$473,192	\$511,994	N/A	N/A		
2	Department Directors	4	\$107,000	\$123,500	\$140,000	\$130,794	\$380,457	\$411,655	\$135,064			
3	Assistant Department Directors	2	\$75,000	\$84,000	\$93,000	\$96,150	\$66,715	\$73,854	N/A			
4	Managers/Crew Leaders	3	\$55,000	\$64,000	\$73,000	\$60,362	\$51,749	\$57,011	\$69,326			
5	Specialist/Analyst	9	\$50,000	\$55,000	\$60,000	\$57,138	\$44,715	\$48,986	\$48,774			
6	Administrative Assistants	2	\$40,000	\$45,000	\$50,000	\$57,956	\$38,056	\$41,404	\$39,553			
7	General Office/Clerk/Laborers	0	\$35,000	\$37,500	\$40,000	\$40,895	N/A	N/A	\$31,442			

Note: The patrol officer and sergeant are excluded from this analysis because their wages are covered under a collective bargaining agreement.

# Market Comparison



Village of Hawthorn Woods  
 Compensation Plan Implementation  
 Budget Impact  
 July 2012

Career Band	Positions	Current Salary	Recommended Minimum Salary by 2013	Comparables		
				10 Municipal Public Sector	National Average Private Sector	Chicago Average Private Sector
1	Executive	\$107,907	\$140,000	\$168,623	\$473,192	\$511,994
2	Department Directors	\$388,269	\$428,000	\$523,175	\$1,521,829	\$1,646,619
3	Assistant Department Directors	\$165,596	\$166,596	\$192,301	\$133,430	\$147,707
4	Managers/Crew Leaders	\$108,111	\$137,500	\$150,906	\$129,372	\$142,529
5	Specialist/Analyst	\$374,163	\$426,631	\$485,672	\$380,074	\$416,382
6	Administrative Assistants	\$59,238	\$65,962	\$95,048	\$62,411	\$67,903
Total		\$1,203,284	\$1,364,689	\$1,615,725	\$2,700,308	\$2,933,134

Market Adjustment Required

\$161,406

\$412,442    \$1,497,024    \$1,729,850

The total budget impact of implementing the compensation plan recommendation is \$161,406. The compensation plan will be implemented in two phases, as follows: \$85,000 in 2012, funded from budget surplus carried forward into the current year and \$76,000 funded in the 2013 budget.

Village of Hawthorn Woods  
Private Sector Benefits Comparable  
July 2012

Benefit	Hay Group Compa/Ratio to Private Sector					
	1	2	3	4	5	6
Health Care	85.0%	83.4%	85.5%	82.4%	84.1%	83.3%
Disability	16.9%	20.4%	86.8%	43.5%	70.3%	74.5%
Retirement	12.0%	17.1%	130.5%	79.3%	132.3%	129.1%
Stock Incentives	0.0%	0.0%	N/A	N/A	N/A	N/A
Car Allowance	80.0%	0.0%	N/A	N/A	N/A	N/A

Note: The Hay Group report calculated a compa-ratio for each major benefit component. This ratio calculates the value of the Village's benefit divided by the market median and provides a measure of competitiveness against the market. A value of 100% would be an exact match for the market median; values below 100% indicate below market comparables and values above 100% are above market comparables.

Village of Hawthorn Woods  
 Public Sector Benefits Comparable  
 July 2012

Benefit	Hawthorn Woods	Average
Paid Time Off, Vacation & Sick Days - New Hire	15	21.8
Paid Time Off, Vacation & Sick Days - Maximum	25	35.9
Use it or lose it?	yes	2 of 10 yes
<i>Hawthorn Woods is the only municipality to offer PTO in lieu of a traditional vacation and sick program.</i>		
<b>PPO Deductible</b>		
Monthly Premium Paid by Employee - Single	\$53	\$37
Monthly Premium Paid by Employee - Family	\$384	\$176
% of Premium Paid by Employee/Village - Single	10% / 90%	8% / 92%
% of Premium Paid by Employee/Village - Family	25% / 75%	12.5% / 87.5%
<b>High Deductible - PPO Deductible</b>		
Monthly Premium Paid by Employee - Single	\$55	\$43
Monthly Premium Paid by Employee - Family	\$369	\$199
% of Premium Paid by Employee/Village - Single	10% / 90%	8% / 92%
% of Premium Paid by Employee/Village - Family	25% / 75%	12.5% / 87.5%
<b>HMO</b>		
Monthly Premium Paid by Employee - Single	\$47	\$20
Monthly Premium Paid by Employee - Family	\$280	\$149
% of Premium Paid by Employee/Village - Single	10% / 90%	4% / 96%
% of Premium Paid by Employee/Village - Family	20% / 80%	9% / 91%
<b>Dental</b>		
% of Premium Paid by Employee/Village - Single	10% / 90%	18% / 82%
% of Premium Paid by Employee/Village - Family	25% / 75%	18% / 82%