



## COMPENSATION PHILOSOPHY

### VISION

The City of Tacoma's Compensation Philosophy guides the manner in which our dedicated workforce is recognized and rewarded as they support the organization's overarching goals. This Compensation Philosophy is informed by the City's Equity and Empowerment Framework.

We recognize that City employees have chosen to serve the public for a variety of reasons, both intrinsic and extrinsic, and believe that compensation should be viewed broadly and consider elements of reward and incentive, in addition to competitive total compensation, which is the combined value of an employee's compensation and benefits. Consideration of reward and incentive is not intended to be viewed as a "give and take" with, or in lieu of, total compensation. In working to create and strengthen a culture of transparency and trust, we have developed a competitive classification and compensation program that is equitable, accessible and flexible, motivates high performance, and reflects the strong value we place on our employee population.

The total rewards and incentives package the City offers is a foundational element of the rewarding employment experience we strive to cultivate. At the City, this experience is comprised of the following:

- Compensation
- Benefits
- Work-life Effectiveness
- Recognition
- Performance Management
- Talent Development

Our goal is to attract, retain and motivate committed, hard-working, creative and thoughtful employees who support the City's mission to meet and exceed expectations, and who reflect the diverse community we serve, not only in service delivery and responsible stewardship of public resources, but also in realizing our vision for Tacoma to be an inclusive and equitable place to live, work and play.

We strive to be a well-managed and fiscally sustainable municipal government that provides exceptional services. For our employees, that means we are committed to:

- Providing a competitive total rewards and incentives program that is internally and externally equitable
- Fostering rewarding opportunities for our employees to grow and develop professionally

- Ensuring individual and collective accountability for performance, results and the highest standards of integrity in public service
- Communicating openly and transparently with our employees about our organizational goals, successes and failures, and opportunities for us to do things better

### **COMMITMENT TO EQUITY**

A variety of historical factors have led to pay disparities in the US workforce and, in particular, for protected classes. As an organization, it is critical that we work to eliminate those inequities. The City is committed to creating a truly diverse, inclusive and equitable organizational culture so that our workforce better reflects the community we serve. This Compensation Philosophy is one of the tools we utilize to ensure that our classification and compensation program is strategically aligned with the City's Equity and Empowerment Framework.

### **CLASSIFYING WORK**

Job classification provides a system that defines the scope and complexity of the work required. The City of Tacoma's job classification system helps support equity across all jobs, in all City departments, while ensuring competitiveness of pay within the markets in which the City is competing for talent. To achieve this, the following objectives will be considered:

- That the City's broader needs are being met, while allowing for management flexibility and efficiency within departments tasked with addressing the community's evolving needs
- That meaningful and measurable differences in the level of work are defined within each occupational group, while an appropriate level of flexibility is maintained to allow for efficient management of employees as well as employee growth
- That the reclassification process will be administered by the Human Resources Department, with the Human Resources Director giving due consideration to the administrative officials concerned, in a manner that is responsive, efficient, cost effective and equitable
- Classifications for which there is no available market data, or are not used in the development of the salary structure, such as specialized jobs without peers in the marketplace, will be appropriately placed within the salary structure based upon their internal relationship with other classes within the most relevant occupational group.

### **MARKET DEFINITION**

The City must define the external markets for which it competes for talent, and regularly assess market data to ensure it offers a total compensation package that is competitive and is sustainably aligned with this compensation philosophy.

Given the diversity and complexity of the duties and responsibilities for positions filled by the City, the market for any individual position or classification may vary.

For some positions, the City may study other public sector government agencies. For other positions, it may look at a mix of public sector and private sector employers.

Once the types of employers for positions are identified, other considerations when identifying comparable organizations may come into play when defining the market, including:

- Geography: Other locations the City hires from and loses candidates to – locally, regionally and/or nationally
- Industry: Sector(s) where certain types of positions can most readily be found that the City loses candidates to
- Size of Organization: This is considered to ensure level of responsibility and complexity is reflective of the position

Market data may be adjusted to ensure accurate comparisons localized to the City's specific needs.

### **COMPETITIVENESS**

The City strives to offer a total compensation program that is competitive and facilitates the attraction, retention and engagement of well-qualified employees. Although some employees may value less tangible elements intrinsically tied to various aspects of public service, all elements are considered by the City as it continually works to foster the most appealing and rewarding employment environment it can.

Total compensation is defined as the combined total value of an employee's base compensation (cash), variable compensation (cash), and benefits offered. The City will evaluate the following elements as it works to ensure the competitiveness of its program:

- Difficulty in recruiting the desired level of talent in certain jobs
- Retention issues, including succession and turnover
- Significant changes in the economy, marketplace or budget
- Internal anomalies, disparities or inconsistencies as it relates to overall organizational alignment

### **PAY ADMINISTRATION**

The City's policies around pay administration for classified and non-classified employees serve to ensure that any decisions made surrounding employee compensation are fair, consistent and transparent. They also serve to ensure that departments have the flexibility they need in the areas of recruitment and retention, rewards and recognition, and that greater levels of accountability are established and maintained across the organization.

### **SUSTAINABILITY**

The City believes that, in order to effectively attract, retain and motivate employees, the classification and compensation program must remain competitive over time and, therefore, will regularly assess classification and compensation for competitiveness in the market.