



HOWARD COUNTY DEPARTMENT OF COUNTY ADMINISTRATION

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TO: Brandee Ganz
Chief Administrative Officer

FROM: Anju A. Bennett, Administrator
Office of Human Resources

SUBJECT: Proposed Amendments to Title 1.302 to permit In-Grade Pay Adjustments for Purposes of Salary Equity

Requested Action

The Administration is seeking approval for updates to the County Code, section 1.302, to reinforce the County's commitment to fair compensation decisions that uphold the principles of federal/State compensation standards including equal pay for equal work. The amendments authorize the Personnel Officer/CAO to address concerns of pay inequity through in-grade pay adjustments following consideration of needed assessments and recommendations by the Human Resources Administrator.

Background

The proposed amendments stem from recommendations arising from the County's Classification and Compensation Study being carried out with Consultant Evergreen Solutions. This Study is evaluating the County's system of position classifications, compensation, and the County's ability to ensure internal pay equity is aligned with federal/State standards governing pay. The Study has identified some immediate steps that should be implemented to proactively address internal pay equity and ensure our policies align with best practices widely used by public employers.

With respect to pay equity, employers utilize salary equity reviews to ensure fairness in compensation decisions across employees in similarly situated positions. Reviews are generally used at several points, to establish appropriate salaries of selected candidates for hire/promotion, and through "post-hire" or "in-grade" reviews to assess ongoing internal pay equity. Salary equity concerns can arise for a number of reasons including inconsistent historical decisions related to hiring/promotion of employees with significantly higher relevant qualifications/duties (e.g., experience, credentials, skills, education, etc.). When pay inequity concerns are identified, organizations utilize in-grade pay adjustment as a corrective measure.

Existing County policies permit equity-based salary determinations at hiring and promotion decisions. They allow the Personnel Officer to approve exceptions in standard compensation decisions when candidates possess critical or higher skills/qualifications/experience. In recent years, the County has implemented salary equity reviews during both of these processes to ensure compensation aligns with relevant qualifications of candidates and assigned position duties.

Howard County's current policies lack the ability to address pay equity concerns that may have inadvertently arisen when salary reviews were not uniformly used to assess appropriate hiring or promotional salaries.

During the current Classification and Compensation Study, Evergreen Solutions is performing research of policies and best practices within competing jurisdictions. A survey of surrounding public entities including Anne Arundel, Baltimore, Montgomery, Prince George's, Prince William, Frederick, Arlington, and Fairfax counties, along with the City of Alexandria, the Office of Personnel Management (OPM) in the federal government, the Maryland-National Capital Park and Planning Commission and the Washington Suburban Sanitary Commission (WSSC), revealed that all of these organizations have adopted policies to permit post-hire/in-grade adjustments to address pay equity concerns. Howard County is an outlier in its market, as it does not have a mechanism to address and correct post-hire internal pay inequities.

The Consultant recommends that the County move forward in adopting this mechanism in the immediate future to rectify concerns as they arise and demonstrate a commitment to ongoing compensation fairness. In the midst of an intensely competitive labor market, it is imperative for the County to implement a salary equity policy as soon as possible. The County's ability to attract and retain top talent is intrinsically linked to its commitment to fair compensation. Addressing salary disparities not only safeguards the County from compliance related concerns, but it also results in cost savings. Inability to address instances of critical pay inequity impacts turnover, recruitment, retention, and results in the inevitable loss of productivity as team member's transition.

For these reasons, this bill provides the Personnel Officer the ability to make salary adjustments following appropriate analysis by the Human Resources Administrator. With the adoption of this much needed policy, Human Resources will establish procedures to implement an internal process for review of salary equity concerns.

Fiscal Impact

No additional funding is being sought. If concerns are identified in the current fiscal year, the County Administration will work with the Budget Office and the impacted County department to identify any potential budgetary savings from areas such as staff turnover/transition that may be used to implement in-grade pay adjustment.