

AGENDA

COMPENSATION COMMITTEE

MEETING OF
FRIDAY, DECEMBER 13, 2018, AT 1:30 PM.
BOARD ROOM, GATEWAY

1. MEETING CALLED TO ORDER: Chair Mary Neff.
2. ROLL CALL: Neff, Birdsall, Brown, Roath
3. APPROVAL OF REPORT OF August 15, 2018 (Attachment)
4. RESIDENTS' FORUM
5. STAFF REPORTS
 - a) CMS Status Report (Attachment 1)
6. NEW BUSINESS
 - a) Discuss goals for the 2018-2019 Compensation Committee, such as:
 - Develop a set of "look back" reports and tools to assess past year's salary program and administration;
 - Decide what the base wage increase will be for 2020;
 - Determine if a pool over and above the base wage adjustment should be part of the 2020 program;
 - Document the Committee's conclusions for future use.
 - b) 2019 Meeting Topics (Attachment 2)
7. NEXT MEETING: January 11, 2019; 1:30 – 3:00 pm, the Board Room at Gateway
8. ADJOURN

If an executive session is necessary, it will be announced during the regular meeting. Executive session topics are restricted to legal, personnel, and third-party contract matters.

COMPENSATION COMMITTEE REPORT
MEETING OF
WEDNESDAY, AUGUST 15, 2018, AT 1:00 PM

A regular meeting of the Compensation Committee was convened by Chair Mary Neff, at 1:00 PM, in the Board Room at the Gateway complex. Call to Order

Present, in addition to the Chair, were Committee members Birdsall, Brown and Roath. Also in attendance were Tim O'Keefe, CEO of GRF, and Judith Perkins, Sr. Manager Human Resources. Attendance

The report of the Committee's meeting held on July 19, 2018 was reviewed and approved by the Committee as presented. Report of July 19, 2018 Approved

Board of Directors President Bob Kelso and resident Ken Haley were present. No comments were offered at the Residents' Forum. Residents' Forum

Chairman Neff reminded the Committee members that this meeting was focused on a review of Director Brown's compensation analysis tool, and that no decisions would be made. Neff then reviewed the key concepts of the Compensation Management Structure (CMS) and the current organizational practice of paying for performance through merit increases based on employee performance against goals and manager evaluation. New Business
a) Review of Key Concepts of CMS

CEO O'Keefe and Sr. Manager HR Perkins provided a brief history of performance and compensation management from 2006 through 2018. O'Keefe provided a brief presentation explaining how changes in the external market affect the salary ranges of the CMS, how wage increase changes affect positioning within the pay range, and what happens when wage changes are greater than or less than the market change. b) GRF 2018 Evaluation Process

Director Brown then explained his compensation analysis tool, which is designed to numerically calculate a target wage for individual employees, based on their performance evaluation rating, current wage, and pay range (CMS). The tool also provides a numerical summary of the number of employees whose current wage varies from the theoretical target wage. The ideal outcome of using this tool would be the ability to accurately forecast wage change requirements earlier than the current system allows, thereby allowing for more accurate budgeting. c) C Brown's Compensation Analysis Tool

The next meeting of the Compensation Committee will be Wednesday, October 10, 2018, at 1:00 pm in the Board Room, Gateway Administration Building. Next Meeting

The meeting was adjourned at 3:00 pm. Adjournment

Compensation Committee
August 15, 2018

Mary Neff, Chair
Compensation Committee

JP/m

DRAFT

STAFF REPORT COMPENSATION COMMITTEE

Background: Compensation Management Structure

The Compensation Management Structure (CMS) was established in 2011 to maintain the Foundation's pay rates in alignment with the Compensation Philosophy approved by the Board of Directors in 2011. As approved, the CMS establishes a pay range with a minimum wage (floor) and a maximum wage (cap) for the various non-union positions, keyed to the local job market. Ranges therefore change, generally annually, to reflect job market variations.

Surveys Used

The primary surveys used in reviewing and adjusting the CMS include the annual Gallagher San Francisco Bay Area survey; the annual Fair Pay for Northern California Nonprofits survey; the annual World at Work Salary Budget survey.

- The Gallagher survey focuses on the greater San Francisco Bay Area, and provides salary information filtered by geography (i.e., Alameda/Contra Costa Counties; San Francisco; etc.), size of organization (i.e. 50 - 100; 101 - 250; etc.), annual operating budget (i.e., \$5-\$20 Million; \$20 Million and more; etc.). Participants include for-profit, non-profit, educational and government organizations.
- Fair Pay is a regional survey, focusing on Northern California nonprofits. In addition to filtering information by geography, number of employees, and annual expenses, this survey filters by field of service (i.e., Child Welfare/Child Care; Foundation/Philanthropy/Fundraising; etc.)
- The World at Work annual salary budget survey is global, with breakdown by country (i.e., US; Canada; etc.) and within the US, by region (i.e., Eastern; Southern; etc.). This survey provides salary budget and structure information based on employee status (i.e., nonexempt hourly; exempt salaried; etc.), in addition to various types of changes (i.e., COLA; merit; at-risk; etc.)

In addition, published city wages provide input for some positions, as do various specialty surveys (i.e., CACM; CAI; CPRS; PGA; etc.)

2019 Salary Structure Changes

Nationwide, the median structure change is 3%. This holds true in all regions of the US, including the San Francisco Bay Area. The World at Work Salary Budget survey indicates some minor variations in the projected 2019 means for various employee status (3.1%, 3.2%), while projecting a median change of 3% for all employee status levels. The CMS will therefore be adjusted by 3% as well for 2019.

**STAFF REPORT
COMPENSATION COMMITTEE**

Initial Results

The initial review of the 2019 CMS, using a projected 3.2% increase for employees, resulted in 13 employees whose projected 2019 wages are above the cap and at least other 8 employees for whom a further review is needed. It appears, at this time, that no employees will fall below the floor of their respective ranges. Another review will be required after the 2019 wage adjustments are complete, as the initial review is based on the 3.2% general increase only.

Next Steps

All employees whose projected 2019 wages are either above the cap or below the floor will be reviewed in more detail.

The initial comparison generally uses titles as the first identifier. However, in some instances, using titles may not be the best choice for matching positions. For example, the Gallagher survey describes "Receptionist" as someone under direct supervision who receives calls, directs visitors, performs some clerical tasks, with a high school diploma and 0-2 years' experience. The Foundation has 2 full-time and 1 part-time employees in this title. All three work with limited and primarily indirect supervision, own specific processes and procedures, make appointments, etc.; the minimum experience requirement for this position is 3 years. In this case, titles are not a good match. Reviewing the other administrative job descriptions leads to the conclusion that in terms of the Gallagher survey, "General Clerk" is a better match for our employees. In this case, the review process leads to a different pay range, reflecting the job duties as opposed to simply relying on the title.

This scenario holds true for other positions as well. I use discussions with managers regarding specific job duties and/or responsibilities which may lead to a different comparison; verify more generic jobs with other sources; talk with local HR managers at similar communities (Moraga Golf; the Villages), etc., as appropriate for the position, to ensure the best possible match to the market.

2019 Meeting Topics

2019 Compensation Committee Meeting Topics

January	Develop look-back reports to evaluate effectiveness of compensation changes
February	Discuss possible band expansion to include 2017, 2018 & 2019 floor/cap comparisons
March	Review post-increase 2019 wages versus the calculated CMS floors and caps, and the market rates based on the Gallagher survey
April	Discussion of appropriate index for base wage increase: CPI-U, ECI, etc.
May	no meeting
June	Budget-facing items: base wage increase; wage adjustment pool
July	Budget-facing items: non-represented benefit costs; union contractual costs; CEO compensation
August	no meeting
November	initial review, 2020 wage calculations

NOTES: The Compensation Committee generally does not meet in May or August, although meetings can be called if need be.

The Committee does not meet in September, due to budget meetings.

The October meeting has been moved to November, based on the typical publication date of the Gallagher survey (in 2018, the week of October 22).

The Committee calendar is usually dark from November 15 through the end of January, due to multiple holidays and family obligations. A January meeting can be called if needed.