



Salary Commission

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Date: May 25, 2010

To: Multnomah County Board of County Commissioners

From: 2010 Salary Commission

Nancy Drury, Employee Services Director, Clackamas County

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Chair David Rhys, Classification/Compensation Manager, City of Portland

Mary Rowe, Human Resources Director, METRO

Re: 2010 Multnomah County Salary Commission Report

Under the authority of Section 4.30 of the Multnomah County Home Rule Charter as amended November 2, 2004, the 2010 Multnomah County Salary Commission (Commission) was appointed by the County Auditor and convened to set the salaries for the Board of County Commissioners (BOCC), specifically the positions of Multnomah County Commissioner (Commissioner) and Chair of the Board of County Commissioners (Chair).

Enclosed is our report which sets the salaries for the BOCC and documents the basis for our decisions. We will be happy to answer questions or provide additional information upon request.

Executive Summary

1. The 2008 Salary Commission set the 2008/09 salary for the Commissioners at \$88,000 and the 2009/10 salary at \$90,640. All four Commissioners chose to remain at the 2008/09 \$88,000 pay level. The 2008 Salary Commission set the 2008/09 salary for the Chair at \$132,237 or the midpoint of the Department Director II salary, whichever is greater, and the 2009/10 salary at the midpoint of the Department Director II 2008/09 range plus 3%, which is \$136,204. The Chair is paid at the approved rate.
2. The 2010 Salary Commission reviewed the methodology for setting salaries and agreed the methodology remained appropriate for the Commissioners' salary. External market factors were analyzed for comparability and appropriateness and the average of the external market salaries was considered a valid benchmark. Because the current approved salary rate for Multnomah County Commissioner is at the market average and we have no internal comparators, the 2010/11 salary shall remain at the 2009/10 approved rate of \$90,640; and due to the uncertainty of increases for external market salaries, the 2011/12 salary shall also remain at that rate. The Salary Commission notes that current Commissioners have not accepted the present approved salary rate for 2009/10, electing to remain at the 2008/09 rate.
3. The 2010 Salary Commission reviewed the methodology for setting the salary for the Chair and agreed with the general approach used by the 2008 Salary Commission. A search of the external market did not yield comparable positions; therefore, internal equity continues to be given greater weight. The Chair supervises the Department Directors and those salaries have the most bearing on the salary of the Chair. Setting the salary at the midpoint of the higher level range, while still not ideal, continues to be a reasonable approach. The Chair's salary for 2010/11 shall be equal to the midpoint of the Multnomah County Department Director II 2010/11 salary range and will be adjusted for 2011/12 to match the midpoint of the Department Director II 2011/12 range.

Respectfully submitted this 25th day of May, 2010.

By the Multnomah County Salary Commission:

Nancy Drury, Sue Fischer, Jan Lambert, David Rhys, and Mary Rowe.

SALARY COMMISSION HISTORY

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 Commission was appointed in 1986 and a new Commission has been appointed in each even year up to the current 2010 Commission.

In 1990, the voters approved a ballot measure submitted by the Multnomah County Charter Review Commission that allowed the BOCC to approve their own salary increases rather than salary increase recommendations being referred to the voters. The measure also specified they were not allowed to set salaries higher than the recommendation from the Commission.

In 1991 a County Counsel's opinion stated that the Commission may also make recommendations regarding the salaries of the Sheriff and District Attorney, if requested. (As a result of resolutions passed by the Board of County Commissioners, the Commission now reviews the District Attorney's salary and the Sheriff's salary on an ongoing basis.)

In 2004, the voters approved a ballot measure submitted by the Multnomah County Charter Review Commission that modified the language of the County Charter, Section 4.30 to read as follows:

"The auditor shall appoint a five-member salary commission, composed of qualified human resource professionals with compensation experience, by January 1 of each even year. The salary commission shall *set the salaries* for the chair of the board of county commissioners and the county commissioners, documenting the basis of its decisions."

SALARY HISTORY

From FY 1983-84 through FY 1990-91, the 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.

In 1996 the BOCC approved the Commission recommendation that a Commissioner's salary be indexed to 75% of a judge's salary and 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 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%. The 1998 BOCC 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 BOCC.

In 2000, the BOCC approved the Commission recommendation that the Commissioners' salary remain 75% of a circuit court judge's salary July 1, 2000 and 2001. The BOCC further approved the recommendation that the Chair's salary be increased to the midpoint of the department directors' salary range effective July 1, 2000 and 2001.

In 2002 the BOCC approved the Commission's recommendation for no change to the methodology for Commissioners' salaries. In regard to the Chair's salary, the Commission determined that County department directors' salaries were below market according to the County Human Resources staff. Therefore, indexing the Chair's salary to the department directors' salaries would not be appropriate. Consequently, the BOCC approved the Commission's recommendation of indexing the Chair's salary to 125% of a judge's salary and suggested the Board may want to consider a phased in approach.

The 2004 Commission recommended, and the BOCC approved, no change in methodology for Commissioners and increased the Chair's salary in accordance with the previously approved phased-in approach.

The 2004 charter language changed the authority for setting salaries for the BOCC from the BOCC themselves to the Commission.

The 2006 Commission given this new charge believed that indexing to a judge's salary, a salary over which the BOCC had no control, was no longer relevant. Instead the 2006 Commission assessed both the external market and internal equity in order to set the salaries with an emphasis on internal equity for the Chair's position and the external market for the Commissioner's position.

The 2010 Commission continued the approach of the 2006 and 2008 Commissions, assessing both the external market and internal equity, adjusting the internal equity comparison for the Chair's position and maintaining an emphasis on the external market for the Commissioner's position.

Current salaries are as follows: all four Commissioners are paid less than the approved salary of \$90,640, choosing to be paid \$88,000, and the Chair is paid at the approved salary of \$136,204.

METHODOLOGY AND FINDINGS

Compensation theory suggests that evaluating both external market data and internal equity is the most widely accepted methodology for setting salary rates. This is the revised approach taken by the 2006 and 2008 Commission and is being re-affirmed by the 2010 Commission.

The Commission collected and reviewed data from a number of sources. The data is summarized below.

1. Survey information for Commissioner from the County HR Office:

The County Human Resource Office previously identified several comparable counties for purposes of comparing Commissioner salaries. The current Salary Commission determined that there were sufficient Northwest comparators and, as a result, national comparators are not necessary for an appropriate market comparison. (The prior Commission had included Hennepin County, MN, Denver County, CO, and Hamilton, OH.) The current Commission also revised the geographic adjustment to a single index used by the County HR Office, from the Economic Research Institute, rather than the average of multiple indexes used by the prior Commission.

Exhibit A: Comparison of Commissioner salaries in comparable counties

County	Actual Salary	Geographic adjustment*	Equivalent Portland Salary
Clackamas County, OR	80,856	None—Ptld Metro area	80,856
Lane County, OR	74,298	5.1%	78,079
Marion County, OR	76,606	7.6%	82,469
Pierce County, WA	104,470	-2.2%	102,206
Snohomish County, WA	102,779	-6.8%	95,747
Thurston County, WA	105,276	0.2%	105,472
Average			90,803
		Multnomah Co	90,640
		Differential	99.8%

**Geographic adjustment via Economic Research Institute data through Multnomah County Human Resources Office.*

Salary Data Source: Multnomah County Auditor's Office Survey, Winter 2010

Because the data was collected in the winter 2010, it is possible these jurisdictions will increase salaries at some point in 2010. However, it is impossible to determine what those increases might be, if any. Consequently, using this data for setting 2010/11 salaries creates what is called a “lag” effect in compensation terms, but it is still the best data to compare with at this point in time.

2. Survey information for Chair from other counties:

For many years, salary commissions have struggled with matching the Chair's position to like positions in other counties. We have concluded, as did the prior Commission, that we are unable to match the position to another county with any degree of confidence. There are counties in the northwest and across the country that match the demographics of Multnomah County closely enough to be considered a contender. However, their organizational structures vary widely, some with split responsibilities between the legislative body and a county executive who manages operations. In Multnomah County, those responsibilities are held by only one position, Chair of the BOCC, although there continues to be a position in the Chair's Office, Chief Operating Officer, whose title suggests some responsibility for operations and presumably allows the Chair to focus more attention on legislative issues. It is this Commission's understanding, however, that direct supervisory responsibility for department directors remains with the Chair. This year, we found no equivalent job matches. We encourage future Commissions to continue monitoring this element to determine if any good matches can be found.

3. Regional councils and local boards:

A review of these jurisdictions showed limited comparability. Metro is a governmental agency in the Portland area with elected officials whose salaries should be noted. However, Metro is much smaller than Multnomah County, both in terms of staff and budget. The current data from Metro is detailed in Exhibit B below.

Exhibit B: Comparison with Metro 2010 salaries

Metro Position	2009 Salary
Executive (salary of a judge)	\$114,468
Councilor (one-third of a judge salary)	\$38,156

4. City of Portland:

Although past Commissions did not use 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 city bureaus, thus are not a good job match. Additionally, both the staff and budget for the City are considerably larger than Multnomah County. Approved salaries for the City of Portland Mayor and Commissioners as of July 1, 2009 are detailed in Exhibit C below.

Exhibit C: Comparison with City of Portland approved 2007 salaries

City of Portland Position	2009 Salary
Mayor	\$121,451
Commissioner	\$ 102,294

City of Portland salaries may or may not increase at some point in 2010 but it is the best data at this point in time.

5. Comparability between the Chair and County department directors:

The Chair has county-wide operational and fiscal responsibilities, which the Commissioners do not. Six (6) department directors in two pay levels report directly to the Chair. Currently, all but one of the direct report department directors have salaries above the midpoint of their range. Salaries for all positions are detailed in Exhibit D below.

Exhibit D: Department directors' and elected officials' 2009 salaries:

Department	Classification	2009/10 Salary	Pay Scale Minimum	Pay Scale Midpoint	Pay Scale Maximum
Community Justice	Department Director I	\$138,988	\$ 93,199	\$118,609	\$144,020
Community Services	Department Director I	\$144,020	\$ 93,199	\$118,609	\$144,020
Library	Department Director II	\$135,000	\$107,932	\$137,263	\$166,593
County Management	Department Director II	\$152,082	\$107,932	\$137,263	\$166,593
Human Services	Department Director II	\$154,035	\$107,932	\$137,263	\$166,593
Health Services	Department Director II	\$154,035	\$107,932	\$137,263	\$166,593
District Attorney		\$155,180			
Sheriff		\$135,000			
BOCC Chair		\$136,204			

Compensation theory suggests the spread between the supervisor and subordinate should be 10% to 25%. However, the Chair's actual salary compared with his direct reports shows that the Chair is paid less than all but one of his direct reports and slightly less than the midpoint of the higher level salary range of the Department Director II.

6. Tenure in the job:

Generally speaking, salary will increase based in part on tenure in the position. These are elected positions and presumably, a newly elected BOCC member would receive the salary of the outgoing BOCC member. Consequently, tenure in the position should not be a factor in considering an appropriate salary.

7. Assumption of full-time:

Although there is no mandated requirement that the BOCC be full-time positions, this Commission is making the assumption that they are and all salaries shown are full-time equivalent salaries.

8. Benefits considerations:

According to the County HR staff, elected officials receive the same benefits as any other County employee with the exception of disability. Level of benefits for these classifications is not within the scope of the Salary Commission authorized review.

9. CPI considerations:

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

10. Pay for performance:

BOCC salaries 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.

11. Compensation philosophy:

Typically an organization will consider three factors when designing compensation programs. These are the ability for an organization to 1) attract, 2) retain and 3) motivate employees. Attracting talent for the BOCC is limited to the local area so salary comparability with other jurisdictions to a certain extent is not relevant. Nevertheless, although it cannot be proven, this Commission believes that an equitable and competitive salary will attract a larger number of highly qualified individuals to run for, and be willing to serve in, this and other elected offices.

RECOMMENDATIONS AND REASONS

Commissioners' salaries have maintained a close parity with the external market data. Because the current approved salary rate for Multnomah County Commissioner is at the market average and we have no internal comparators, the 2010/11 salary shall remain at the 2009/10 approved rate of \$90,640; and due to the uncertainty of increases for external market salaries, the 2011/12 salary shall also remain at that rate. This salary rate maintains comparability with other like counties while at the same time creating a reasonable differential from salaries for City of Portland Commissioners who have bureaus reporting to them. The Salary Commission notes that current Multnomah County Commissioners have not accepted the current approved salary rate for 2009/10, electing to remain at the 2008/09 rate.

As a result of the salary determination by the 2008 Salary Commission, the Chair's authorized salary is more closely aligned with other County positions that report to the Chair. In this case, the most significant and heavily weighted data is internal equity. Greater weight is being given to internal equity considerations than to the external market for the following reasons:

- a. internal equity (data regarding department directors) is a professionally acceptable method for assigning a salary;

- b. external market data has not provided acceptable job matches although the search should continue by future Salary Commission as external comparators are also an important consideration.

The Chair's approved salary for 2009/10 is \$136,204. The approved salary is less than the salaries of all but one of all his departmental direct reports. The midpoint of the Department Director II salary range is \$137,263. The salaries of five of the six departmental direct reports are greater than the midpoint of the Department Director II.

Increasing the salary to the midpoint of the Department Director II range created a desirable spread between the Chair and his subordinates and lessened the gap. The additional increase of 3% for the Chair in 2009/10, as designated by the prior Salary Commission, kept the Chair's authorized salary roughly synchronized with the Department Director II midpoint. This Salary Commission believes that the Chair's 2010/11 salary should be adjusted to match the midpoint of the Department Director II 2010/11 salary. For 2011/12, the Chair's salary shall be placed at the midpoint of the Department Director II salary range for 2011/12.

2010/2011 AND 2011/2012 SALARIES

The 2010 Salary Commission sets the 2010/11 and 2011/12 salary for Commissioner's at the current approved rate of \$90,640.

The 2010 Salary Commission sets the 2008/09 salary for Chair at the midpoint of the Department Director II 2010/11 salary range and the 2011/12 salary at the midpoint of the Department Director II 2011/12 salary range.

LAST BUT CERTAINLY NOT LEAST

The Commission wishes to thank Joi Doi and Travis Graves of the County Human Resources Office for providing background and information on County compensation and geographic comparison factors.

The Commission wishes to thank Agnes Sowle, County Counsel, for discussing with us legal issues.

The Commission also wishes to extend its appreciation to the Multnomah County Auditor and his staff. We could not have completed our work without their research and data collection.