

Update on WMATA Salary and Wage Administration

**Presentation to the Administration Committee
of the Board of Directors**

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**Division of Workforce Development and Administration
Office of Compensation and Benefits**

Update on WMATA Salary and Wage Administration

Purpose

To update the Board on salary and wage administration and measures taken to manage growth and maintain market alignment

Background on Salary Administration

WMATA non-represented salary compensation system is built upon three major components:

- **Performance Management System**
 - Performance measures
 - Goals and objectives
- **Pay-for-performance**
 - Merit-based compensation
 - Provides no COLA or step increases
 - Replaced 20-year-old salary, step and grade system
- **Market-Based Classification System**
 - Replaced the 20-year-old classification and salary range systems

Background on Salary Administration

Non-Represented Employees

June, 1998: Board approved Pay-for-Performance element of the Performance Management System

- Designed to address salary increase inequities associated with step-increase system
- Linked pay increases to employee performance
- Highlighted the need to revise or replace job classification and salary range systems

Background on Salary Administration

Non-Represented Employees

January , 2000: Board approved Market-based Classification System and new salary range structures

- System provides fairer assessment of job worth
- Enables WMATA to be more competitive in recruiting and retaining top talent
- Enables WMATA to recruit from local, regional and national markets when necessary

Background on Salary Administration

Non-Represented Employees

- The market-based system has allowed WMATA to successfully recruit from the three geographical markets. For example, since 2000, WMATA has recruited:
 - **National for leadership and some technical positions:**
(COO-Rail; Chief Engineer; Director of Elevator and Escalator Maintenance; Capital Projects Engineers; Director of Project Communications; Assistant Director, Systems Engineering; Managing Director, Procurement and Materials; Vehicle Engineer; Sr. Communication Engineer; Sr. Train Control Engineer)
 - **Regional for managerial and professional positions:**
(Manager, EEO; Senior Compensation Analyst)
 - **Local for non-exempt and support positions**

Salary Administration

Impact of Salary Compensation System

- Non-represented employees move through salary ranges based on performance instead of time in grade
- The market surveys serve as a basis for salary range adjustments
- The competitive nature of market-based system provides greater opportunity for more employees to make \$100,000⁺

Salary Administration

Impact of Salary Compensation System

As part of WMATA's cost containment efforts, WMATA executive leadership met throughout late CY2003 to review a number of cost containment issues. A salary survey was initiated, to include jurisdictions and top transit properties, to assess where WMATA stood in terms of salary growth and market competitiveness.

Salary Administration

Jurisdictions and Transit Comparisons

Surveys were conducted of both local jurisdictions and large comparable transit properties. The surveys conducted in January and October 2004, were completed by six local jurisdictions and seven transits. The results indicated that WMATA was not the leader in any category where employees made \$100,000+.

- The most significant comparison is to other transits' salaried workforces (same business and demographics): WMATA is third highest and is only slightly higher than two others.
- The average tenure for WMATA employees at \$100,000+ is 15 years.

Local Jurisdictions and Transits Salaried Employees \$100K+

Local Jurisdictions and Transits Salaried Employees At \$100K+

<i>Jurisdictions</i>	<i>Total Employees</i>	<i>>=\$100K</i>	<i>% of all Employees >=\$100K</i>	<i>Total Salaried Employees</i>	<i>Salaried >=\$100K</i>	<i>% Salaried Employees >=\$100K</i>
Arlington County	3,500	84	2.4%	3,500	84	2.4%
City of Alexandria	2,212	58	2.6%	2,212	58	2.6%
Fairfax County	11,547	205	1.8%	11,547	205	1.8%
Montgomery County	8,083	269	3.3%	1,595	269	16.9%
Prince George	6,294	106	1.7%	1,968	97	4.9%
DC (1)	21,000	650	3.1%	6,500	539	8.3%
Jurisdictions Average			2.5%			6.1%
WMATA	9,963	187	1.9%	2,041	187	9.2%
<i>Transit</i>	<i>Total Employees</i>	<i>>=\$100K</i>	<i>% of all Employees >=\$100K</i>	<i>Total Salaried Employees</i>	<i>Salaried >=\$100K</i>	<i>% Salaried Employees >=\$100K</i>
New York City MTA	64,200	1,105	1.7%	9,050	1,105	12.2%
Los Angeles MTA	9,126	115	1.3%	1,283	115	9.0%
New Jersey Transit	10,380	153	1.5%	1,810	153	8.5%
MARTA	4,400	14	0.3%	1,200	14	1.2%
Chicago	11,970	70	0.6%	1,627	70	4.3%
SEPTA	8,863	67	0.8%	1,751	67	3.8%
BART	3,296	240	7.3%	821	240	29.2%
Transits Average			1.9%			9.7%
WMATA	9,963	187	1.9%	2,041	187	9.2%

(1) Excludes UDC and Schools.

(2) Data effective 10/20/04.

Salary Administration

As a result of the WMATA management review in late CY2003, a number of changes were identified to help slow down the rate of salary growth. Changes include:

- Salary ranges with \$90,000 potential are reviewed bi-annually instead of annually
- Promotional salary increases were reduced
- Reclassification salary increases were reduced
- Supervisor compression adjustment rate was reduced

Salary Administration

- WMATA salary increases were reduced to an average 2.7% for the last three fiscal years. That is well below the 4.8% three-year average for the two prior years and the projected FY06 will be 1.8%. (Note: FY05 increase of 1.5% was too low to execute pay for performance.)
- Salary range adjustments have been held constant since July 2002. (No other jurisdiction has gone as long as WMATA without a range adjustments)

Salary Administration

To summarize management controls in place:

- Promotion and reclassification salary increases have been reduced
- Merit pay for non-represented employees has been sharply reduced
- Salary ranges have not been adjusted in three years

Wage Administration

Bargaining units represent and include:

- **Local 689 (represents approximately 7,133)**
 - Bus and Rail operators, maintenance workers, division clerks and administrative and clerical personnel
- **Local 922 (represents approximately 379)**
 - Located at Landover, Maryland with similar jobs as Local 689
- **Local 246 (represents approximately 294)**
 - New Union, Fraternal Order of Police represents sworn Metro Transit Police Officers

Wage Administration

During CY04 1.7% of hourly represented employees earned a total compensation of \$100,000+, including overtime pay.

	<u>At \$100K+</u>	<u>Total Employees</u>	<u>%</u>
Local 689:	114	7,133	1.6%
Local 922:	2	379	0.5%
FOP:	19	294	6.5%
Total	135	7,806	
Average			1.7%

Wage Administration

Background for earnings at \$100,000+

- Major contributor to earnings above base pay is overtime. Three reasons contributing to overtime are:
 - Insufficient staff in certain operating jobs primarily due to job vacancies
 - Provision of unanticipated service, e.g., charter and special event service
 - The need to fill runs at overtime rate due to absences (scheduled or unscheduled)
- Hourly rated overtime in FY2000 was \$20.4 million and fell to \$16.2 million in FY2004 which shows a clear decline over the period.

Wage Administration

Subsequent to the recent APTA Peer Review process, Labor Relations partnered with Operations management to analyze the management rights authority contained in our labor contracts as well as other substantive contract provision governing overtime wage administration issues.

Wage Administration

Next Steps

- Conduct an industry safety survey; develop a specific proposal for a cap on overtime hours per week
- Negotiate changes in the collective bargaining agreement designed to address the APTA Peer Review recommendations, especially issues associated with the migration from Bus to Rail
- Continue and enhance organizational efforts to reduce vacancy levels that drive overtime costs
- Continue and enhance organizational efforts to control excused and unexcused absences that drive overtime costs