



STATE OF NEVADA CLASSIFICATION & COMPENSATION STUDY

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Executive Summary:

Executive Order 2023-002, issued on January 6, 2023, ordered the Division of Human Resource Management (DHRM) of the Department of Administration (DOA) to review and make recommendations with respect to hiring, retention and promotional rules, and procedures related to State employment. At the time the Executive Order was issued, the vacancy rate for the State was stated at 24% and remained above 21% at the beginning of 2024. The current vacancy rate is at 13% and has shown a steady decrease month over month. This can be attributed to changes in NRS 284 that were passed into law with the passage of SB 431 during the 2023, 82nd Legislative Session. Core changes in DHRM leadership, immediate revisions of DHRM internal processes and policies, revisions to NAC 284 were vital in driving down the vacancy rate.

It was a recognized fact that State employees' wages were a contributing factor in respect to hiring and retention. Unprecedented pay raises for State employees were legislatively passed during the 2023 Session and signed by the Governor. The raises coupled with two merit and step increases, resulted in approximately 60% of current staff members receiving a 32 % increase in pay over the last two years. Six percent of staff members were at step nine and eligible for one step increase or a coupled increase of 28% in pay. The remaining 34% of staff members were at step ten and received the 12% (year one) and 11% (year two) raises. These raises have further assisted the State in being more aligned with the labor market helping to drive down the vacancy rate.

In alignment with Governor Lombardo's initiative to attract and retain employees, expand candidate pools, and properly align employees' salaries with their job duties, funding was provided through AB 451 to conduct a study and evaluate the pay of all classified and unclassified positions within the Executive Department of the State. DHRM engaged the services of the Simmons Group to conduct a comprehensive Classification and Compensation Study. While some realignments have taken place over the years, the overall classification and compensation structure has not kept pace with the current labor market.

This study reviewed over 2,000 classified and unclassified job titles to establish a new best-practice classification and compensation framework that is competitive and in alignment with current market conditions.

The State of Nevada aims to be an "Employer of Choice", ensuring its employees earn, on average, within the 50th percentile of what similarly situated employees earn in comparable markets. The study further aims to retain key employees and prevent "poaching" between agencies as well as further succession planning efforts throughout the state.

The overall approach of the State of Nevada Classification and Compensation Study included the following:

- In-depth analysis of the State's current job classifications;
- Compression of job titles with duplicative job duties;
- Consolidation of similar positions across State Departments;
- Creation of new job classifications;
- Job title changes;
- Benchmarking and market-pricing positions; and
- Development of new compensation structure (i.e., pay schedule) salary bands and steps.

Scope

The Simmons Group utilized several key industries, organization size, revenue and geographic scopes to provide a comprehensive understanding of compensation levels.

The industry comparisons were:

- All United States/All Industries/All FTEs (an aggregate of public and private sector data across the U.S., covering all industries and company sizes);
- Government; and
- Public Administration.

The revenue scope included organizations exceeding \$50 billion, and in terms of organization size, data from employers with 15,000 to 50,000 full-time equivalent (FTE) employees were benchmarked.

For geographic scopes, analysis was conducted at the national, regional, and local level, with data gathered for:

- All United States (aggregate);
- Las Vegas, Nevada; Reno, Nevada; Nevada (statewide);
- The Western U.S. region (comprised of Arizona, California, Colorado, Montana, New Mexico, Oregon, Utah, Washington, and Wyoming).

The Simmons Group provided an average base pay analysis for each job title at the 25th, 50th, 75th and 90th percentiles. The averages represent a blend of Industry, revenue, and size scope data and detailed how the State's current compensation compares to the market.

The survey sources used for the study consisted of:

- National Compensation Association of State Governments' 2023 Compensation Report (data aged appropriately);
- CompAnalyst Market Pay from Salary.com;
- Economic Research Institute's Salary Assessor;
- Payfactors' Professional Compensation;
- U.S. Department of Labor data; and
- Publicly available data from other state governments.

Classification Restructure

A classification study is a review of job descriptions by a third-party expert to ensure positions are appropriately placed by classification and grade on the wage schedule. This evaluation is based on an assessment of the knowledge, skills and abilities required in the role. An effective classification structure results in a sensible hierarchy within departments and from one department to the next, where applicable.

The current structure has more than 2,000 unique job titles. Many of the job titles in a series are indistinguishable from one another or duplicative which has created confusion, lack of understanding and administrative difficulties. Furthermore, many of the various job titles, whether classified or unclassified, were similar in job duties yet assigned to different pay levels. The current structure encourages frequent reclassification requests to convert an employee's job duties into a higher class as the employee approaches their maximum salary step.

With this study, DHRM and the Simmons Group focused on job evaluation whereby positions were analyzed, measured, and compared against a common set of criteria in a systematic and objective manner. Job evaluation looks at the job, not the job holder and assumes that all the identified requirements of a job are being met. With this approach, the current job specifications were evaluated to create new job descriptions to ensure the following:

- Titles are based on type and level of work being performed to assist in workforce consistency;
- Internal equity by analyzing pay by job responsibilities and minimum requirements; and
- Positions are properly classified in compliance with Fair Labor Standards Act (FLSA) requirements.

This study recommended the State move towards skill-based job descriptions, a best practice that has been adopted in over 25 other states. Skill-based job descriptions focus more on skills and competencies necessary to perform the duties of the job, rather than on education and/or work experience. By moving towards this model, we have the ability to match a candidate's skill directly to job requirements.

The skills-based approach taken in the study was to focus on reducing barriers that unfairly influence or bias the recruitment and evaluation of a candidate and pivot the focus on the necessary skills and experiences that enables the candidate to be successful in their role. Further, it reduces the requirement to focus solely on education first when evaluating a candidate's qualifications.

New job descriptions developed based on the day-to-day processes and responsibilities each job entails, which will determine the required soft and hard skills a candidate needs to perform the job. All job titles were analyzed between unclassified and classified positions. Job series that once held over 5 job titles, with no significant change in duties or responsibilities, were compressed into 2 or 3 job titles. With the completion and implementation of this study, there will be approximately 669 classified and unclassified job titles for the State, versus more than 2,000 currently.

Job summaries were created for all unclassified positions to provide candidates with the scope and expectation of work they will be performing. Following FLSA guidelines, positions that were once classified employees but identified as managers, were moved to an unclassified status based on their level of responsibilities.

This new classification structure is created so each job classification is distinctly different from each other, with clear criteria between the level of work performed and responsibilities within the same job series. New job descriptions or job summaries were created for every classified and unclassified position and included the following:

- Job summary;
- Representative job duties;
- Essential qualifications
 - Knowledge, Skills, and Abilities;
 - Experience and Education;
- Special requirements and information;
- Physical requirements and work environment;
- Americans with Disabilities Act Amendments Act (ADAAA) disclaimer; and an
- Equal Opportunity Employer (EOE) statement.

Initial movement of employees to the appropriate job title was based on the current job description and job title being compared to the proposed job description and job duties. In addition, the DHRM Classification and Compensation Study team assessed the employee's current job responsibilities for initial

placement into proposed job descriptions. Final allocations will involve departments to ensure the creation of a strategic hierarchy in each department.

The proposed classification structure will improve the efficiency and effectiveness in the administration and management of our classification system. Classifications are more distinguishable, and job series have been compressed to provide for career progression. This will minimize the number of reclassifications and be clearer to candidates and employees. With the implementation, DHRM can pivot to serving in a greater consultative role with departments and focus on partnering with departments on other strategic initiatives.

Compensation Framework Design

The State of Nevada values its employees' commitment to serving the citizens of Nevada and strives to be competitive in compensation and benefits within our labor market. The State's current pay model exhibits limitations, such as overlapping hourly rates across successive bands. The existing pay model for classified personnel contains 28 different compensation schedules, with 45 salary ranges (bands) in each schedule. This design limits progression differentiation and reduces the structure's responsiveness to market trends.

The Simmons Group proposed a compensation framework for the State that consists of 21 salary ranges (bands), each containing 12 steps, with each step representing a 5% increase. This structured approach aligns with best practices in compensation design, which prioritizes equity and market competitiveness.

By streamlining the classification's job titles, the proposed compensation design offers significant flexibility and supports career development through its tiered approach to salary progression.

The new compensation framework aligns salary ranges (bands) with market-based pay and establishes a 10% differential between the adjacent bands to ensure fair compensation, avoid salary compression, show a path for growth within a band, and establish a consistent and logical pay model system. The consistent differential also establishes a reasonable salary increase as employees advance to higher bands without creating an overlap between employee and supervisor.

New employees will be placed at steps within a salary range (band) based on factors such as experience, skills, and education. DHRM will create a statewide model matrix to assist departments in determining the appropriate step for the new employee. Typically, employees with no experience will be placed at step 1, while those with two to three years of experience may be placed between steps 1 and 3. Those more experienced employees, given appropriate budgetary approvals, may be placed at higher steps based on the model matrix. This approach allows for a fair and consistent application of the salary structure and maintains statewide uniformity, thus reducing agency to agency differentials among other benefits.

Next Steps

The next phase of the study is to meet with all Department Directors to ensure that specific employees are placed in the accurate job title based on work duties. For example, a current Management Analyst that handles accounts payable/accounts receivable in their department would be retitled to a Fiscal Analyst. This will ensure that employees performing similar duties throughout the State are assigned to the correct job title.

To ensure consistency moving forward, all state positions within the new salary structure will be placed at the appropriate band using the Simmon's Group compensation study based on the external market rate of similar positions, compression of jobs, and any internal equity factors. All positions will be assigned an official job title based on the job descriptions created. All positions of the State are expected to conform

to the newly identified job titles and job descriptions. Employees may utilize “working job titles”; however, placement on a salary band will be determined based on the official job title.

Policies and procedures will be created for the establishment of any new unclassified job title created for the state. DHRM will ensure a new unclassified job request is thoroughly reviewed and systematically created based on need and the scope of work provided by the department. Current job summaries will be reviewed based on the request and those determinations will be made solely from the work duties. To maintain the compensation structure’s relevance over time, DHRM will actively monitor and adjust for market trends in the years to follow.

In summary, the results of the Classification and Compensation Study, our actions taken thus far, and our strategy moving forward will allow positions in the State to effectively attract and retain top talent while maintaining pay practices that are aligned with both market conditions and with the State’s goals.