

**Request for Action
By
Board of Commissioners**

**Approval of Compensation Consultant Recommendations
(CBIZ Compensation Consulting)**

A. SUMMARY OF REQUEST

This Request for Action (“RFA”) is for approval to implement the compensation recommendations outlined in a compensation study completed by CBIZ Compensation Consulting in November 2024.

B. DISCUSSION

Given the significant changes in the local employment market since RIHousing’s last compensation study in 2021, there was an urgent need to conduct a new study and implement related services. The competition for talent is increasing in this employee-centric market, making compensation studies crucial for retaining and attracting top talent. These studies determine the market value of each position, provide benchmarks, and propose equitable salary ranges to ensure internal parity and fairness.

In June 2024, the Board approved the engagement of CBIZ Compensation Consulting, an experienced consulting firm, to prepare a comprehensive classification and compensation study. The study included a review of RIHousing’s salary structure, position-specific wages, and job descriptions for all positions and classifications. It culminated in comprehensive recommendations for pay grades, pay levels, placement scales, pay bands and ranges, appropriate titles, and career ladders spanning a two-year engagement.

Following the compensation study, the results identify areas where salary adjustments are warranted. CBIZ Compensation Consulting recommends that RIHousing target the middle of all labor markets that have similar positions, structured to the 50th percentile, to meet the market rate. They gathered the market data by position, pulling data for similar positions in comparable organizations that pay employees to perform similar functions. They captured base salary compensation data by the 25th, 50th, and 75th percentiles.

CBIZ Compensation Consulting designed a salary structure for RIHousing, with a revised range spread and midpoint differential, as well as larger midpoint differentials to streamline the structure and align it with market data and internal job structure. The revised salary structure ensures that each employee receives a reasonable salary given their assigned grade, corresponding salary range, and market and internal pay equity considerations. The ranges consist of a series of grades, each with a minimum and maximum level of compensation. The minimum establishes competitive entry-level pay, the midpoint approximates the market 50th percentile, and the maximum establishes top-out pay. The results indicate that some employees fall above or below the proposed ranges and point to other internal equity and pay compression issues that must be addressed. This will improve our competitive position in hiring new staff while mitigating internal inequities.

CBIZ Compensation Consulting recommends modeling compression-based pay adjustments based on time in role and performance, and recommends increases if an employee's salary is below the target salary. Compression exists when new hires within a grade are paid an identical or similar rate as those with greater tenure, which has negatively impacted our long-term skilled employees who cannot catch up financially, given our relatively modest annual performance increases.

RIHousing has a total of 234 employees. Sixty-four staff are compensated significantly less than their market value and tenure would indicate. Five of the sixty-four employees were below the minimum of their proposed salary ranges. We propose that those impacted by the results of the compensation study analysis receive the most fair and equitable option, which is a total salary increase of up to 10% of their current salary. This increase addresses the identified internal equity and pay compression issues, ensuring a more equitable compensation plan for all employees. CBIZ Compensation Consulting recommends a 3.6% payroll compression increase, whereas staff recommend a 1.9% increase. The total cost of the implementation is \$353,980.

C. RECOMMENDATION

The attached resolution is for approval to implement the recommendations of CBIZ Compensation Consulting, Inc.

D. ATTACHMENT

- A. Resolution of the Board of Commissioners of RIHousing
- B. Salary Structure Comparison

Attachment A

Resolution of the Board of Commissioners of Rhode Island Housing and Mortgage Finance Corporation

- Whereas,** Rhode Island Housing and Mortgage Finance Corporation's ("RIHousing's") enabling act provides the Board of Commissioners with all necessary power to establish a system for hiring employees and fixing their compensation (R.I. Gen. Laws §42-55-4(f)); and
- Whereas,** the Quasi-Public Corporations Accountability and Transparency Act provides that the Board of Commissioners of a Rhode Island quasi-public corporation will establish written policies and procedures for personnel, including systems of compensation (R.I. Gen. Laws §42-155-4(b)(6)); and
- Whereas,** in June 2024, the Board of Commissioners authorized RIHousing to engage CBIZ Compensation Consulting to prepare a comprehensive classification and compensation study; and
- Whereas,** the scope of the CBIZ Compensation Consulting engagement encompassed a competitive market analysis of base salaries, the development of a salary structure, the reconciliation of actual compensation with market-competitive compensation, the calculation of plan implementation costs, and the provision of overall recommendations; and
- Whereas** CBIZ Compensation Consulting has recommended a new salary structure and targeted payroll compression adjustments for RIHousing, for which the total approximate cost of implementation is \$353,980.

NOW, THEREFORE, IT IS HEREBY:

- Resolved:** that RIHousing be, and it is hereby authorized, to implement the recommendations of CBIZ Compensation Consulting, including without limitation the adoption of the 2025 salary structure set forth in Attachment B and a 1.9% payroll compression increase up to the approximate cost of \$353,980; and
- Resolved:** that the Executive Director, Deputy Executive Director, and Chief Financial Officer, each acting singly, are hereby authorized and directed to take any and all actions they deem necessary and appropriate to carry out the foregoing resolutions, including administrative adjustments as they may determine to be in the best interests of RIHousing.