

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Department of Human Resources



Public Hearing on

**Bill 23-531, the "Collective Bargaining Fair Compare Amendment Act of
2019"**

Testimony of
Ventris C. Gibson
Director

Before the

Committee on Labor and Workforce Development
Council of the District of Columbia
Chairperson Elissa Silverman

Wednesday, December 4, 2019

10:00 a.m.

Room 500

John A. Wilson Building
1350 Pennsylvania Avenue, NW
Washington, DC 20004



Good morning, Chairperson Silverman and members of the Committee on Labor and Workforce Development. My name is Ventris C. Gibson, and I am the Director for the DC Department of Human Resources. It is a privilege to appear before you today to provide testimony regarding Bill 23-0531, the “Collective Bargaining Fair Compare Amendment Act of 2019.” Through my testimony today, I will explain our compensation philosophy, and how it is aided by existing law; explain our current pay practices and how we compare to other public sector employers; and highlight the many components which compose our total rewards package. With an understanding of our compensation programs and practices, I am confident the Committee will agree that the District government compensation program is extremely competitive and further legislation is not necessary at this time.

As the Director of the Department of Human Resources, I oversee human capital services that strengthen employee and governmental performance, and enable the District government to attract, develop, and retain top talent. Compensation is one of the top drivers influencing applicant selection of potential employers and employee retention. Without question, the District’s competitive compensation program serves as the cornerstone of our ability to provide the exceptional government services our residents expect and deserve. To ensure fair and equitable compensation, in 2017 the Mayor and Council amended pay setting regulations to end the disparate practice of offering new hires a salary based on their salary history. Today District agencies are required to offer new hires and current employees, who receive new positions through the competitive process, salaries based on the value of the position and the candidate’s qualifications. Salary history must first be raised by the candidate before it can be used as factor in determining salary.



Our Compensation Philosophy

The District strives to offer compensation that is externally competitive, while being internally equitable. Compensation is generally deemed competitive if it falls within 10 percent of the median range of your competitors. These guiding principles originate from District law.

Bill 23-531 impacts both union and non-union employees. If enacted, this legislation would amend the comparators that determine what is competitive compensation. This deviates from standard human resources practice and D.C. Official Code § 1-611.03(a)(1) regarding competitive compensation for employees. This section states “compensation shall be competitive with that provided to other public sector employees having comparable duties, responsibilities, qualifications, and working conditions by occupational groups. For the purpose of this paragraph, compensation shall be deemed to be competitive if it falls reasonably within the range of compensation prevailing in the Washington, D.C., Standard Metropolitan Statistical Area (SMSA).” The language already allows for comparisons outside of the Washington, D.C. SMSA, when needed.

Competitive Compensation

To determine external competitiveness, organizations examine two factors: who are the competitors and where do you compete for talent. A competitor can be defined as a company in the same industry or a similar industry that offers a similar product or service. Therefore, our competitors would be other city and state governments or, as the code states, public sector employers. As a vibrant, growing region, the majority of the District’s talent resides in the Washington, D.C. SMSA. To illustrate this, in fiscal year 2019 approximately 89 percent of the District’s job applicants resided in the Washington, D.C., SMSA.



To ensure the District's competitiveness in the region, we conduct market comparison surveys with Alexandria, Arlington, Baltimore City, Baltimore County, Fairfax County, Montgomery County, and Prince George's County. However, when necessary, DCHR allows comparisons across the United States. For instance, when there are positions that we cannot find matches for locally, and when searching for executive positions as this is done nationwide. In order to receive the most up-to-date compensation data and stay abreast of compensation trends, DCHR participates in regional and national salary surveys. Two of the most notable surveys are the local government personnel annual salary and benefits survey and the regional public safety survey, both of which are conducted on an annual basis. These surveys have been instrumental in providing regional salary and benefits that inform our decision-making.

In 2016, a comprehensive review of the District's salaries was also commissioned by the District and Compensation Units 1 and 2. Compensation Units 1 and 2 represent approximately 10,000 employees and include American Federation of State, County and Municipal Employees (AFSCME); American Federation of Government Employees (AFGE); and National Association of Government Employees (NAGE). Deloitte, a premier consulting company, conducted the review. First, they prepared a market analysis of approximately 200 benchmark jobs using published compensation data from firms such as Kenexa, Mercer, and Towers Watson, and then developed a custom pay survey of approximately 100 benchmark jobs. For the custom pay analysis, Deloitte looked at 17 public sector organizations, including Alexandria, Chicago, Philadelphia, and Seattle. The national regions invited to participate outside the Washington, D.C., SMSA had cost of living and cost of labor within five percent the D.C. I'm happy to report that the analysis found, on average, that District employee salaries were five percent above the comparative median base salaries.



Additional Components of Compensation

While salary is a major part of employee compensation, it is not the only piece. Compensation is any form of payment given to employees for services rendered. World at Work, formerly the American Compensation Association, introduced the “Total Rewards Model” over two decades ago to assist companies with integrating their compensation strategy into their human resources and overall business strategy. The six elements of the total rewards model are: compensation, benefits, recognition, work-life effectiveness, performance management, and talent development. I am pleased to say that the District addresses all components of total rewards by offering:

- Annual salary increases of at least 2.5 percent;
- A robust leave program that includes eight weeks of paid family leave;
- Generous health and retirement benefits, telework, and alternative work schedules;
- Comprehensive performance management; and
- Numerous learning and development opportunities, including an online suite of training and nationally certified programs, such as the Lean Six Sigma and the Certified Program Manager program.

Between our base compensation and our total rewards package, the District of Columbia remains competitive.

The “Collective Bargaining Fair Compare Amendment Act of 2019”

The proposed legislation seeks to add a layer of subjectivity into how the District defines its labor market. If enacted, Bill 23-531 eliminates evaluation of the local labor market and instead directs the District to compare compensation to jurisdictions that have similar costs of living and



working conditions. If enacted, the fundamental changes this legislation would make to our compensation philosophy and strategy could have unnecessary and costly consequences. The bill also conflicts with current District law and sound human resources practices. Under the current law, we compare our salaries and benefits to our *true* competitors, who also compete for the same talent we do. The current law also permits the District to look outside of the Washington, D.C., SMSA, when needed. This existing law and policy are compatible with the Council's objective of increasing job opportunities for District residents.

At this time there is no need to change how compensation is administered. The District compensation program is not only competitive but is a leader in many statistical categories. This is in part due to legislation put forth by both the Mayor and this committee, such as paid family leave and the pathways to District government bill. These bills provide District residents and employees with benefits and growth opportunities that far exceed our neighboring jurisdictions.

Through our partnership with this Committee, as well as vital stakeholders, DCHR continuously aspires to provide a total rewards program, derived from our foundational compensation philosophy, that attracts local talent, while being fiscally responsible. Thank you for the opportunity to testify today. I am happy to answer any questions you may have at this time.

