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It is only a matter of time before elected officials must deal with the distressed economy

Attracting competent employees has never been so important

Keep competitive while maintaining pay equity

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Staying the Course in a Distressed Economy

The headlines are full of bleak economic news. Some observe that the current recession, left unchecked by central government intervention, has the potential of growing into the worst economic crisis since the Great Depression. Millions of American workers have already been laid off. Dismal predictions warn that millions more will lose their jobs in the next year.

So far most public employees have avoided the shedding of jobs experienced by the private sector. However, it is only a matter of time before reduced state and federal aid to cities, counties and school districts will force elected officials to deal with the challenges that decreased revenues and increased demands for services create in a distressed economy. Not only are governments experiencing a decline in revenues from the state and federal government, they are being buffeted by a decline in the property tax base brought on by declining

property values. A decline in the property tax base means that the main source for raising local revenues is unable to replenish a decline in state and federal aid without a significant increase in a jurisdiction's tax rate.

Maintain Sound Pay Practices

When managing a budget crisis it is only reasonable for elected officials to closely examine their organization's compensation structures since personnel costs make up most of the expenditures for a typical local unit of government. These costs can sometimes be as much as 70% of the budget. When local units of government are asked to do more with less it is essential that governments perform their functions as effectively and efficiently as possible. This high level of performance is directly dependent upon skilled and dedicated employees.

Attracting and retaining competent employees has

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Fox Lawson & Associates LLC solves strategic compensation and human resources issues of organizations experiencing significant change.

We assist organizations to align their compensation, benefits and human resources systems to their organization objectives.

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never been so important. At the same time, public employers must also be exceptional stewards of limited financial resources, focusing especially on keeping personnel costs under control. During these challenging times local units of government should not, if at all possible, abandon their core compensation strategies and policies in the face of mounting budgetary challenges. Compensation strategies and policies that keep your organization competitive with comparable public employers while maintaining internal pay equity will help ensure that your organization will continue to attract and retain qualified employees without overpaying them.

Importance of a Salary Survey

An external market salary survey is the reliable way to determine what the market is paying the benchmark positions of your jurisdiction. Some market-determining characteristics linked to housing values such as per capita assessed valuation or tax capacity may have changed so dramatically in the past year that it would be a good idea to determine if your jurisdiction's labor market has changed. Performing a labor market survey will help to reassure your board that they are paying no more than necessary to attract and retain qualified employees.

- Contributed by Greg Mangold

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