



FLORIDA TRANSPORTATION COMMISSION

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MGT of America FDOT Executive Compensation Study

**Florida Transportation Commission Meeting
December 9, 2003**



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Progress Report

- MGT of America commissioned Sept., 2002
- Determine compensation disparity between FDOT senior management and public and private sector peers
- The Report indicates a large disparity in compensation levels



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Progress Report

- 2003 NSPE Compensation Survey
- Engineers' Salaries 2002: Special Industry Report
- 2002 Executive Engineering Compensation Survey
- Commission staff obtained additional public sector survey data



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Compensation Findings

- FDOT executive level positions
 - 33 Central Office positions
 - 15 District Office positions
- FDOT positions were compared to compensation levels of public and private sector equivalents
- FDOT pay bands (ranges) are sufficiently wide enough to accommodate any increases in compensation



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Compensation Findings (cont'd)

- Most FDOT salaries are at median point of pay bands
- On average, CO positions are slightly below the general public sector median
- On average, district positions are slightly above the general public sector median
- *Focusing on public sector transportation agencies produces different findings*



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Compensation Findings (cont'd)

- Compared to operators of other public sector transportation facilities...
 - Secretary of Transportation is compensated **20.2** to **70.5** percent less than executive directors
 - District secretaries are compensated **27.3** to **80.6** percent less than their public sector transportation peers



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Compensation Findings (cont'd)

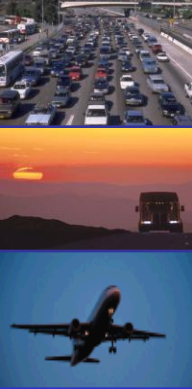
- Private sector comparisons
 - When compared to total compensation of private sector peers...
 - CO employees earn **55 percent** of peers
 - District employees earn **69 percent**



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Compensation Findings (cont'd)

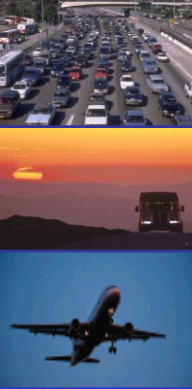
- Private sector companies supplement base pay with lucrative variable pay that is often tied to performance.
- It should be noted that FDOT managers rarely leave for equivalent level jobs in the private sector. They are leaving for jobs with less responsibility and fewer employees to supervise (if any).



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Specific Examples

- District manager making \$85k left for private sector for \$120k
- District manager making \$65k left for same job in public sector for \$112k
- District manager making \$85k left for private sector for \$225k
- CO manager making \$93k left for private sector for \$150k



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Pay for Performance

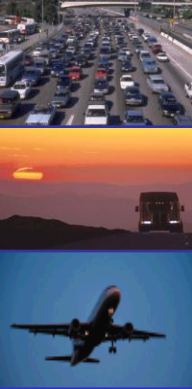
- Common in private sector
 - Stock options, cash bonuses, Gain sharing
- Growing in public sector
 - Federal Government
 - Texas
 - California
 - Georgia
 - Florida



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Pay for Performance

- Mixed results in the implementation of pay for performance in the public sector
 - Keys to effective pay for performance plan:
 - Easy to administer
 - Costs should be manageable and predictable
 - Designed to motivate employees based on performance
 - Easy to communicate to employees



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Ratings of Key Characteristics of Pay-for-Performance Plans

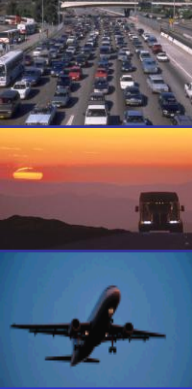
PLAN CHARACTERISTICS	FEDERAL GOVERNMENT	STATE OF TEXAS	STATE OF CALIFORNIA	STATE OF GEORGIA	STATE OF FLORIDA
Ease of Administration	Low	High	Low	High	Medium
Manageability and Predictability of Costs	Low	High	High	High	Low
Effectiveness of Motivational Features	Low	High	Low	High	Medium
Ease of Communication	Low	High	Medium	High	High



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Pay for Performance

- State of Florida Bonus Plan
 - Open to all employees
 - Bonus is tied to annual legislative appropriation
 - Employees must demonstrate commitment to agency mission
 - Peer input accounts for 40% of eligibility
 - Eligibility limited to no more than 35% of agency staff



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Report Recommendations

- FDOT senior managers' base pay rates be increased by 20 percent
- Secretary of Transportation compensation should be increased to \$180,000
- The Commission should explore the implementation of a pay for performance bonus system tied to performance goals with bonuses ranging from 10 to 20 percent of base pay



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ANY QUESTIONS?

Now Serving

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NUMBER**

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