



PROGRAM EVALUATION DIVISION

NORTH CAROLINA GENERAL ASSEMBLY

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Step Pay Plans Offer Remedy to Division of Adult Correction and Juvenile Justice Staffing Challenges

Highlights

IN BRIEF: The Division of Adult Correction and Juvenile Justice (ACJJ) faces staffing challenges that compensation incentive plans may help mitigate. The Program Evaluation Division identified areas of acute concern within ACJJ and constructed three step pay plans for Correctional Officers, outlined two ways in which Juvenile Justice could increase pay for Youth Counselor Technicians, and generated a broad compensation plan for all other ACJJ staff. This report does not contain recommendations but provides summaries of each plan and cost estimates.

Despite recent legislative increases to Correctional Officer (CO) pay, North Carolina continues to experience challenges with turnover and vacancy for CO positions. Relative to neighboring states, North Carolina offers a narrow pay range for Correctional Officer positions. In addition, state compensation for these positions suffers from salary compression, which occurs when there is little difference in pay for senior staff compared to beginning or inexperienced staff. Salary compression and lack of access to higher levels of pay likely contribute to higher levels of turnover and higher vacancy rates for Correctional Officers, potentially compromising prison security.

Step pay plans provide a salary structure with standard salary increases based on established criteria like tenure in a position or job performance. The Program Evaluation Division designed two step pay compensation plans (Plans 1 and 2) that target career stages of particularly high turnover for Correctional Officers and reward operational effectiveness. The third plan (Plan 3) is based on a DPS-designed approach that provides the largest pay increases to early career staff.

Years in a Position	Plan 1 (Low Cost)	Plan 2 (Medium Cost)	Plan 3 (High Cost)
1-4	1.5%	1.5%	5%
5-8	2%	3.5%	2%
9-11	3%	4%	2%
12-14	2%	1.5%	1.8%*
15+	No automatic increase	No automatic increase	No automatic increase

The plans range in annual cost from \$3 million to \$42 million depending on staff rates of entry into and exit from the workforce.

Plan	Retention	3 Year Total Salary Increase	3 Year Total Benefits Increase	3 Year Total	Average Increase Annually
1- Low	Current	\$7,215,602	\$2,207,253	\$9,422,854	\$3,140,951
	Full	\$59,926,539	\$18,331,528	\$78,258,067	\$26,086,022
2- Med	Current	\$21,130,762	\$6,463,900	\$27,594,662	\$9,198,221
	Full	\$73,036,699	\$22,341,926	\$95,378,625	\$31,792,875
3-High	Current	\$34,517,011	\$10,558,754	\$45,075,764	\$15,025,255
	Full	\$96,741,237	\$29,593,144	\$126,334,382	\$42,111,461

The Juvenile Justice section within ACJJ can increase pay for Youth Counselor Technicians, a hard-to-staff position, by paying new hires more within the designated pay range and by providing a retention incentive for existing staff. DPS maintains the discretion to pay staff at higher levels of a position’s range to improve recruitment and retention, and could do so for all new staff in this position. Further, DPS can award up to a 15% salary increase for the position based on external labor market conditions, which would cost an estimated \$1.2 million annually. The former action could help with recruitment while the latter could help with retention.

Finally, providing a compensation increase of between 1% and 3% for the remainder of ACJJ would cost an estimated \$19.4 to \$58.9 million over three years, or \$6.4 to \$19.8 million annually. Forty-four percent of ACJJ staff are Correctional Officers or Youth Counselor Technicians, meaning the remaining 56% of division staff would not receive increases to their compensation under either of the preceding options. DPS generated a plan to increase compensation for all ACJJ employees, and PED has calculated the following estimated totals for this option:

Salary Increase	Year 1	Year 2	Year 3	3 Year Total
1%	\$6,411,136	\$6,475,247	\$6,475,888	\$19,362,271
2%	\$12,822,271	\$13,078,717	\$13,083,846	\$38,984,834
3%	\$19,233,407	\$19,810,409	\$19,827,719	\$58,871,536