

## EXECUTIVE SUMMARY

### **Background**

The City of Charlotte is committed to fostering an inclusive environment where employees can carry out their job responsibilities while feeling a sense of belonging and being comfortable as their true, authentic selves. Human Resource programs are developed and implemented in alignment with the Human Resources philosophy adopted by City Council. The City of Charlotte is dedicated to attracting and retaining qualified, productive, and engaged employees who will deliver efficient and effective services to the Charlotte community.

Recommendations for Compensation and Benefits are guided by our mission, committed to delivering exceptional service every day, to help employees thrive by creating a work environment that acknowledges and values the distinct and evolving needs of the city's workforce throughout various career stages.

### **FY 2026 Guiding Principles:**

- The primary form of pay utilized to ensure market competitiveness is base pay. City Council's approved policy states that market competitiveness for a specific job is determined by the median of actual salaries paid in the relevant recruitment area for jobs of a similar nature.
- Pay will typically be determined by performance and position in salary range while considering market conditions.
- Employees may also be rewarded for attaining specific skills which helps them and the city meet our goals.
- Benefits plans will provide an appropriate level of income protection against unexpected health, life, and disability risks.
- Health care costs will be aggressively managed with employees sharing in the cost of benefits.
- Wellness initiatives, inclusive of behavioral health initiatives, will be integrated across Human Resource programs.

### **Survey of Market Conditions and Market Competitiveness**

Market competitiveness is determined through an on-going survey process of the compensation and benefits practices of other employers. Human Resources recently conducted a review of local, regional, and national salary trends, as well as an evaluation of employer benefits practices. Competitive survey data was collected and analyzed from multiple consulting firms representing a significant number of employers. A summary of the average market movement can be found in **Attachment A**.

### **Survey Findings**

- According to PayScale's 2025 Salary Budget Survey, due to the stabilization of inflation and the labor market, 66 percent of U.S organizations predict salary increase budgets will be about the same as last year. For 2025, the anticipated salary increase budget for US Organizations is 3.5 percent, while the Government sector trends higher at 4.6 percent.
- Mercer Consulting's November 2024 U.S. Compensation Planning Survey reports that projected compensation budgets are holding steady over the past several months. The total increase budgets for 2025 are tracking at 3.7 percent.
- World at Work's 2024-2025 Salary Budget Survey reports a decline in the salary increase budgets as organizations settle into moderate economic growth, tempered inflation, and low unemployment. They predict an average salary increase budget for 2025 of 3.8 percent (median predicted at 4 percent).

- According to the International Foundation of Employee Benefits Healthcare Costs Pulse Survey: 2025 Cost Trend, most medical plan costs will increase for the 2025 plan year. The expected median increase is 8.0 percent. The primary reasons include catastrophic claims, specialty/costly prescription drugs, medical provider costs, and utilization due to chronic health conditions. Benefit initiatives with the most anticipated impact to cost include utilization control initiatives, cost sharing initiatives, plan design initiatives, purchasing/provider initiatives, administration/data analysis initiatives, and work and wellness programs.
- Mercer's Health and Benefit Strategies for 2024 report surveyed CFOs asking for their perspectives on health benefits. 48 percent of respondents said they would emphasize network strategies as a means of managing cost. These strategies capitalize on the opportunity to reduce waste and save by steering members to better performing providers, thus enhancing their care.
- According to the 2024 Society for Human Resource Management (SHRM) Benefits Survey, the top benefits employers viewed as most important were health-related benefits, retirement savings and planning benefits, leave benefits, flexible work benefits, family friendly benefits, professional and career development benefits, financial (non-retirement) benefits, wellness benefits, education benefits, technology benefits, transportation benefits, and housing and relocation benefits.

## FY 2026 COMPENSATION RECOMMENDATIONS

### Public Safety Pay Plan

The City of Charlotte's Public Safety Pay Plan, as shown in **Attachments B**, covers all Fire classifications below the rank of Battalion Fire Chief and all Police classifications below the rank of Police Lieutenant. There are two components to the Public Safety Pay Plan; the first is progression through the steps, and the second is market adjustments to the steps. The following recommendations are proposed:

- All merit steps of the FY 2026 Public Safety Pay Plan to be funded.
- A market adjustment to the pay steps of 1.5 percent, effective August 16, 2025 (**Attachment B**).
- Allow for a one-time 1.5 percent lump-sum payment in November 2025 for Public Safety Pay Plan members that are not eligible for a step increase in FY 2026.

### Salaried Pay Plan

The City of Charlotte's Salaried Pay Plan covers all salaried exempt employees. Jobs are placed in traditional ranges, with each range having a minimum and maximum. There is no general pay (market) increase for employees in this pay plan, like the Public Safety and the Hourly Pay Plans. The following recommendations are proposed:

- Increase the personnel services budget to fund a three percent Salary Pay Plan pool.
- Merit pay decisions are determined by the employee's performance and their pay rate relative to the competitive rate for the specific job. Merit pay increases, which may be granted as a base pay adjustment and/or lump sum, are awarded on the employee's merit date, which may vary at different times throughout the year.
- A 2.5 percent structural increase to the Salaried Pay Plan ranges, effective July 5, 2025, as reflected in **Attachment C**. The impact of this recommendation will be to change the minimum and maximum rates of pay grades to ensure the plan remains competitive in the marketplace.

### Hourly Pay Plan

The City of Charlotte's Hourly Pay Plan covers hourly employees in labor, trades, and administrative positions. Jobs in the Hourly Pay Plan are placed in traditional ranges, with each range having a minimum and maximum. Reflecting the current economic landscape of moderate growth and easing inflation, the following recommendations are proposed:

- Increase city minimum pay rate to \$49,920 for all non-temporary, full-time employees effective November 1, 2025 as reflected in **Attachment D**.
- One across-the-board pay increase of 1.5 percent effective August 16, 2025. Any resulting increase amount that will exceed the assigned pay grade maximum will be paid as a lump sum.
- Increase the personnel services budget to fund a 2.5 percent Hourly Pay Plan pool as the city transitions hourly employees back to an annual salary review. Merit pay decisions will be determined by employees' performance and their pay rate relative to the competitive rate for the specific job. Merit pay increases, which may be granted as a base pay adjustment and/or lump sum, are awarded effective November 1, 2025.
- A 2.5 percent structural increase adjustment to the Hourly Pay Plan ranges, effective July 5, 2025, as reflected in **Attachment D**. The impact of this recommendation will be to change the pay grades to ensure the Plan remains competitive in the marketplace.

## **Mayor and City Council Compensation and Expenses**

After a review of Mayor and City Council pay rates, the following adjustment is recommended in FY 2026.

- Align the pay of City Council with the FY 2025 pay of Mecklenburg County Board of Commissioners effective July 5, 2025, as reflected in **Attachment E**.

## FY 2026 BENEFITS RECOMMENDATIONS

### **Funding for Insurance Coverages**

The following group insurance coverages are provided and consistent with the Human Resources Philosophy adopted by the City Council: medical, including prescription drug; medical stop-loss insurance; life; dental; employee assistance program; and disability coverage.

### **Health Coverage**

The City of Charlotte's medical insurance program is self-insured for active employees and non-Medicare retirees. Stop-loss insurance is purchased by the city to cover catastrophic claims that exceed \$500,000 per individual in a calendar year. Third-party claims administrators are retained to provide medical management services and pay medical and prescription drug claims. When budgeting for future costs, the two cost components of the medical insurance plan are the claims projected to be incurred and the administrative fees to be paid to the claim's administrators. BlueCross BlueShield of North Carolina is the medical claims administrator and CVS Caremark is the prescription drug plan administrator. The City of Charlotte has a fully insured medical and prescription drug plan administered by AmWINS for Medicare-eligible retirees.

The following recommendations are proposed:

### **Medical Plans**

- Recommended plan design changes include:
  - Implement a High-Performing Network medical plan.
  - Increase deductibles in Plans A, D and E by:
    - \$250 individual/\$500 family for Plan A to reset to the deductibles in effect in Plan Year 2021
    - \$250 individual/\$500 family for Plan D to reset to the deductibles in effect in Plan Year 2021
    - \$250 individual/\$500 family for Plan E to reset to the deductibles in effect in Plan Year 2021
  - Adjust medical plan deductibles in all plans to discontinue cross-accumulation
  - Increase the out-of-pocket maximum (OOP) in Plans A, D, and E by:
    - \$250 individual/\$500 family for Plan A to reset to the OOP in effect in Plan Year 2021
    - \$1,000 individual/\$2,000 family for Plan D to reset to the OOP in effect in Plan Year 2018
    - \$500 individual/\$1,000 family for Plan E

### **Prescription Drug Plan**

- Authorize the City Manager or designee to make Plan Year 2026 plan design changes within the overall health insurance budget.
- The city is conducting a rebidding process. It is recommended that the City Manager or designee be authorized to either renew the current contract or select a new vendor(s), execute the contract and contract amendments, and make plan design changes upon completion of the rebidding process.

## **Active Employee Health Plan Premiums**

- For coverage effective January 1, 2026, increase weekly health plan premiums by \$1.00 to \$32.00, based on plan and tier.

	Plan Year 2025	Plan Year 2026	Weekly Increase
Plan A – Employee Only	\$11	\$12	\$1
Plan A – Employee + Spouse	\$74	\$80	\$6
Plan A – Employee + Child(ren)	\$45	\$50	\$5
Plan A – Employee + Family	\$84	\$95	\$11
Plan D – Employee Only	\$17	\$18	\$1
Plan D – Employee + Spouse	\$80	\$90	\$10
Plan D – Employee + Child(ren)	\$56	\$57	\$1
Plan D – Employee + Family	\$104	\$122	\$18
Plan E – Employee Only	\$42	\$43	\$1
Plan E – Employee + Spouse	\$159	\$179	\$20
Plan E – Employee + Child(ren)	\$116	\$129	\$13
Plan E – Employee + Family	\$215	\$247	\$32

- Provide the City Manager or designee the authority to establish the wellness incentive design within the overall health insurance budget.
- Authorize an update to the income-based medical premium relief program criteria and income means testing to increase the eligible household income from \$55,000 to \$70,500 and provide the City Manager or designee the authority to further study and alternatively establish eligibility for this program based on sixty percent area median income (AMI) if it is determined to be financially and administratively feasible.

## **Non-Medicare Retiree Health Plan Premiums**

- Effective, January 1, 2026, increase monthly health plan premiums by \$2.00 to \$69.00, based on plan and tier, for retirees with 20+ years of service.

<b>Non-Medicare Eligible Retirees with 20+ Years of Service</b>	Plan Year 2025	Plan Year 2026	Monthly Increase
Plan A – Retiree Only	\$238	\$240	\$2
Plan A – Retiree + Spouse	\$654	\$667	\$13
Plan A – Retiree + Child(ren)	\$469	\$480	\$11
Plan A – Retiree + Family	\$809	\$833	\$24
Plan D – Retiree Only	\$260	\$262	\$2
Plan D – Retiree + Spouse	\$706	\$727	\$21
Plan D – Retiree + Child(ren)	\$509	\$511	\$2
Plan D – Retiree + Family	\$874	\$913	\$39
Plan E – Retiree Only	\$391	\$393	\$2
Plan E – Retiree + Spouse	\$1,025	\$1,068	\$43
Plan E – Retiree + Child(ren)	\$743	\$771	\$28
Plan E – Retiree + Family	\$1,269	\$1,338	\$69

## **Medicare-Eligible Retiree Health Plan**

- This plan is fully insured and currently administered by AmWINS. Since these plans are fully insured, it is recommended that the City Manager or designee be authorized to approve plan options, vendors, rates, and plan design changes to the medical and prescription drug plans upon receipt of renewal rates from the administrator of the Medicare-eligible retiree coverage.

## **Stop Loss Insurance**

- The City of Charlotte currently contracts with BlueCross BlueShield of North Carolina for stop-loss insurance to provide protection against catastrophic or unpredictable medical claims. The city will be conducting a rebidding process for stop-loss insurance. It is recommended that the City Manager or designee be authorized to either renew the current contract or select a new vendor, execute the contract and contract amendments with the selected vendor, and set the plan design upon completion of the rebidding process.

## **Life Insurance**

- The city is conducting a rebidding process. It is recommended that the City Manager or designee be authorized to either renew the current contract or select a new vendor(s), execute the contract and contract amendments, and make plan design changes upon completion of the rebidding process.

## **Voluntary Benefits**

- The city will be conducting a rebidding process. It is recommended that the City Manager or designee be authorized to either renew the current contract or select a new vendor(s), execute the contract and contract amendments, and make plan design changes upon completion of the rebidding process.

## **Wellness**

- The city is reviewing wellness solutions for financial wellness, behavioral health, food insecurity, health coaching, and substance abuse. It is recommended that the City Manager or his designee be authorized to select a solution(s) and execute the contract and further contract amendments with the selected vendor upon completion of the bidding process.

## **Holiday Benefit**

- Amend the holiday benefit to grant the City Manager the authority to provide additional day(s) off during the Christmas holiday, both in the current year and in future years.

## **Benefits Consulting Services**

- The city will be conducting a bid process. It is recommended that the City Manager or designee be authorized to select a vendor(s) and execute the contract(s) and contract amendments with the selected vendor(s) upon completion of the bidding process.

## **Deferred Compensation**

- The city will be conducting a bid process for consulting services. It is recommended that the City Manager or designee be authorized to select a vendor(s) and execute the contract(s) and contract amendments with the selected vendor(s) upon completion of the bidding process.
- The city will be conducting a process to review 457 plan administration options. It is recommended that the City Manager or his designee be authorized to either renew the current contracts or select a new vendor(s) and execute the contract and further contract amendments with the selected vendor(s) upon completion of the process.

## Attachments

Attachment A - **Market Movement Summary**

Summary of actual market movement for 2021-2024, 2025 projected market movement, and the five-year market movement average.

Attachment B - **Recommended FY 2026 Public Safety Pay Plan Structure Effective August 16, 2025**

New minimum, maximum, and step rates in the Public Safety Pay Plan based on the 1.5 percent structural market adjustment recommended for FY 2026.

Attachment C - **Recommended FY 2026 Salary Pay Plan Structure**

New minimum and maximum rates in the Salaried Pay Plan based on the 2.5 percent structural adjustment for FY 2026.

Attachment D - **Recommended FY 2026 Hourly Pay Plan Structure**

New minimum and maximum rates in the Hourly Pay Plan based on the 2.5 percent structural adjustment and the City's new minimum pay recommended for FY 2026.

Attachment E - **Recommended FY 2026 Mayor and City Council Compensation**

Recommended FY 2026 Mayor and City Council Compensation.



## Market Movement Summary

(Average Percent Change)

Source	2021 Actual Market Movement	2022 Actual Market Movement	2023 Actual Market Movement	2024 Actual Market Movement	2025 Projected Market Movement	5 Year Average Market Movement
National Statistics Provided by Payscale, Willis Towers Watson, Mercer	2.9	3.4	3.9	4.2	3.4	3.6
National Municipalities	1.6	3.1	4.4	4.3	4.0	3.5
Charlotte Area Municipalities	3.7	4.3	6.4	4.7	4.5	4.7
Large North Carolina Municipalities	not available	not available	3.8	3.9	TBD	3.9
Large Charlotte Employers (private sector)	2.7	2.7	3.3	4.0	TBD	3.2

Source	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026 Proposed	5 Year Average
City of Charlotte Hourly Pay Plan	3.0	8.0	6.0	5.0	4.0	5.2
City of Charlotte Salaried Pay Plan	3.0	3.0	4.0	4.0	3.0	3.4

# Compensation and Benefits

Attachment B

## FY 2026 Public Safety Pay Plan Effective August 16, 2025

### FY 2026 STEP RATES IN THE PUBLIC SAFETY PAY PLAN

Pay rates shown are weekly and annual rates

#### POLICE DEPARTMENT

Initial increase at the end of recruit school and completion of field training (app 8 mos), then annually.

##### New Hire

	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	SPO I	SPO II	SPO III	SPO IV
	–	5.0%	5.0%	10.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
<b>POLICE OFFICER 3102</b>	\$1,144.27 <b>\$59,502</b>	\$1,201.48 <b>\$62,477</b>	\$1,261.55 <b>\$65,601</b>	\$1,387.71 <b>\$72,161</b>	\$1,457.10 <b>\$75,769</b>	\$1,529.96 <b>\$79,558</b>	\$1,606.46 <b>\$83,536</b>	\$1,686.78 <b>\$87,713</b>	\$1,771.12 <b>\$92,098</b>	\$1,859.68 <b>\$96,703</b>
	–	5.0%	5.0%	2.5%						
<b>POLICE SERGEANT 3110</b>	\$2,046.73 <b>\$106,430</b>	\$2,149.07 <b>\$111,752</b>	\$2,256.52 <b>\$117,339</b>	\$2,312.93 <b>\$120,272</b>						

##### Police Incentives

2nd Language, Training Officer 5%

2 Yr degree or Qualifying Military Service 5% (Sergeant not eligible)

4 Yr degree 10% (Sergeant not eligible)

#### FIRE DEPARTMENT

##### New Hire

	Step 1	Step 2	Step 3	Step 4	Step 5							
	–	5.0%	5.0%	5.0%	5.0%							
<b>FIREFIGHTER I 3006</b>	\$1,090.57 <b>\$56,710</b>	\$1,145.10 <b>\$59,545</b>	\$1,202.36 <b>\$62,523</b>	\$1,262.48 <b>\$65,649</b>	\$1,325.60 <b>\$68,931</b>							
		–	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%			
<b>FIREFIGHTER II 3008</b>		\$1,145.10 <b>\$59,545</b>	\$1,202.36 <b>\$62,523</b>	\$1,262.48 <b>\$65,649</b>	\$1,325.60 <b>\$68,931</b>	\$1,391.88 <b>\$72,378</b>	\$1,461.47 <b>\$75,996</b>	\$1,534.54 <b>\$79,796</b>	\$1,611.27 <b>\$83,786</b>			
						–	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
<b>FF ENGINEER 3011</b>						\$1,325.60 <b>\$68,931</b>	\$1,391.88 <b>\$72,378</b>	\$1,461.47 <b>\$75,996</b>	\$1,534.54 <b>\$79,796</b>	\$1,611.27 <b>\$83,786</b>	\$1,691.83 <b>\$87,975</b>	\$1,776.42 <b>\$92,374</b>
	–	5.0%	2.5%	2.5%								
<b>FIRE CAPTAIN 3016</b>	\$2,047.49 <b>\$106,469</b>	\$2,149.86 <b>\$111,793</b>	\$2,203.61 <b>\$114,588</b>	\$2,258.70 <b>\$117,452</b>								

##### Fire Incentives

2nd Language, Haz-Mat, Search & Rescue, Dive, Aircraft Rescue 5%

2 Yr degree or Qualifying Military Service 5% (Captain not eligible)

4 Yr degree 10% (Captain not eligible)

## FY 2026 Salaried Pay Plan Structure

Effective July 5, 2025

Grade	Minimum	Midpoint	Maximum
Grade 1	\$51,082	\$63,852	\$79,816
Grade 2	\$53,636	\$67,045	\$83,807
Grade 3	\$56,318	\$70,398	\$87,997
Grade 4	\$59,134	\$73,917	\$92,397
Grade 5	\$62,091	\$77,614	\$97,018
Grade 6	\$65,196	\$81,495	\$101,869
Grade 7	\$68,455	\$85,569	\$106,962
Grade 8	\$71,878	\$89,847	\$112,309
Grade 9	\$75,471	\$94,339	\$117,924
Grade 10	\$79,245	\$99,057	\$123,821
Grade 11	\$83,208	\$104,010	\$130,013
Grade 12	\$87,368	\$109,210	\$136,513
Grade 13	\$91,736	\$114,670	\$143,338
Grade 14	\$96,323	\$120,404	\$150,505
Grade 15	\$101,140	\$126,425	\$158,031
Grade 16	\$106,196	\$132,745	\$165,932
Grade 17	\$111,506	\$139,383	\$174,229
Grade 18	\$117,081	\$146,352	\$182,940
Grade 19	\$122,936	\$153,669	\$192,087
Grade 20	\$129,083	\$161,353	\$201,691
Grade 21	\$141,991	\$177,488	\$221,860
Grade 22	\$156,190	\$195,238	\$244,047
Grade 23	\$171,809	\$214,761	\$268,452
Grade 24	\$188,990	\$236,237	\$295,297
Grade 25	\$207,889	\$259,861	\$324,827
Grade 26	\$239,072	\$298,840	\$373,550

**FY 2026 Hourly Pay Plan Structure  
Effective July 5, 2025**

<b>Grade</b>	<b>Minimum</b>	<b>Midpoint</b>	<b>Maximum</b>
Grade 1	\$–	\$–	\$–
Grade 2	\$49,920	\$49,920	\$49,960
Grade 3	\$49,920	\$49,920	\$52,458
Grade 4	\$49,920	\$49,920	\$55,080
Grade 5	\$49,920	\$49,920	\$57,835
Grade 6	\$49,920	\$49,920	\$60,726
Grade 7	\$49,920	\$51,010	\$63,762
Grade 8	\$49,920	\$53,560	\$66,950
Grade 9	\$49,920	\$56,238	\$70,298
Grade 10	\$49,920	\$59,051	\$73,813
Grade 11	\$49,920	\$62,004	\$77,505
Grade 12	\$52,084	\$65,104	\$81,381
Grade 13	\$54,688	\$68,360	\$85,450
Grade 14	\$57,423	\$71,778	\$89,723
Grade 15	\$60,293	\$75,367	\$94,208
Grade 16	\$63,309	\$79,136	\$98,920
Grade 17	\$66,474	\$83,093	\$103,866
Grade 18	\$69,798	\$87,247	\$109,059
Grade 19	\$73,287	\$91,609	\$114,511
Grade 20	\$76,951	\$96,189	\$120,236

In grades 2-6, the city minimum pay falls above the midpoint

In grades 7-11, the city minimum pay falls above the grade minimum

**Recommended FY 2026 Mayor and City Council Annual Compensation**  
**Effective July 5, 2025**

	<b>Salary</b>	<b>Expense Allowance</b>	<b>Auto Allowance</b>	<b>Technology Allowance</b>	<b>Total Compensation</b>
Mayor	\$49,774	\$11,202	\$5,938	\$5,987	\$72,901
Council Member	\$41,600	\$11,202	\$5,462	\$5,987	\$64,251