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Department of Personnel & Administration

FY 2023-24 Total Compensation
Report Presentation
November 15, 2022

Agenda:

- Statutory Requirements for Compensation Framework
- Total Compensation Survey Process
- Total Compensation Summary FY 2023-24

Statutory Requirements

Compensation Framework

Per Statute, the State Personnel Director shall:

- Assess competitive total compensation practices;
- Determine and maintain elements of total compensation;
- Determine classes of positions and the uniform alignment in the state personnel system;
- Establish pay plans;
- Prepare a quadrennial compensation report based on the analysis of surveys

Each year, the State Personnel Director submits the Annual Compensation Report to the Governor and General Assembly. The purpose of the report is to analyze the competitiveness of the State's salary and benefits, as a whole and separately, against the market.

The State's priority is to:

- Establish overall pay, benefits, retirement benefits, incentives, premium pay practices, and leave consistent with competitive practices in the market;

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Common Compensation Terms

Benchmark Job - one with a standard consistent set of responsibilities from one organization to another and for which data is available in valid and reliable salary surveys.

Market Median - the 50% percentile of the salary survey data.

Salary Surveys - reliable, valid sources of salary data used in compensation analysis.

Aging Data - salary survey data has an effective date - if using a date in the future, it must be aged by the market trend to adjust the data point to the intended effective date.

Classification - the State's job titles.

Pay Plan - the system of pay grades and ranges assigned to classification.

Range Penetration - how far in to the pay range the employee is.

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Executive Summary

- The market average employee increase for 2023 is 4%

- The market average salary structure increase for 2023 is 2.5%

- Overall average employee salary to market median lag is -5.2%

- Overall pay plan midpoints to market median lag is -6.4%

DPA's Annual Total Compensation Process

Begin work on total compensation process. Custom survey for benefits and retirement is developed and sent out in May. If a comprehensive year, a custom salary survey is conducted.

Receive draft report for benefits and retirement. If a comprehensive year, the draft report includes market data. If a maintenance year, this is the earliest market data can be requested to conduct internal analysis.

The Governor submits the next fiscal year's budget proposal.

April	July	August	October 1	November 1	July 1

Data is collected and analyzation begins. Meet and Confer is held.

In accordance with C.R.S. 24-50-104(4), the State Personnel Director is required to submit an Annual Compensation Report for annual adjustments to the State of Colorado's total compensation package.

Implementation of the Annual Compensation Plan occurs at the beginning of the fiscal year.

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Variety of Roles

Administrative Support Services

Enforcement & Protective Services

Health Care Services

Information Technology Services

Labor, Trades, & Crafts

Physical Science & Engineering

Professional Services

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Benchmark Jobs

- **Selected benchmark jobs from the State's classified system consisting of 681 classifications**
  - A total of 221 or 32% of State classified jobs were identified as benchmarks
  - Represents 59% of the classified workforce
- **Benchmark jobs represent anchor points used for making State salary comparisons with the market**

- **We utilize the following guidelines for benchmark selection:**
  - Representation of all job families and levels throughout the organization
  - Highly populated jobs
  - Jobs found in most organizations
  - Jobs with recruitment or retention problems

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Survey Sources

- **Published survey sources identified and approved for compensation research**

- **Any published sources utilized must meet the following criteria:**
  - Be conducted by a reputable salary survey firm
  - Survey data is not self reported
  - Survey is conducted on a continual basis instead of a one-time event
  - Survey reports its data sources, the effective data of the data, and was tested to ensure accurate matches and data

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Market Results for FY 2023-24

BASE SALARY BY OCCUPATIONAL GROUP		
	FY 2023-24 Maintenance Year	FY 2022-23 Full Year
Enforcement and Protective Services	11.0%	8.1%
Healthcare Services	-3.7%	-3.7%
Labor, Trades and Crafts	-5.5%	-5.7%
Administrative Support and Related	-12.3%	-11.1%
Professional Services	-8.8%	-9.0%
Physical Science and Engineering	0.8%	-2.7%
Information Technology	7.1%	4.8%

SALARY STRUCTURE MARKET COMPARISON		
	FY 2023-24 Maintenance Year	FY 2022-23 Full Year
Enforcement and Protective Services	3.3%	2.8%
Healthcare Services	0.3%	0.4%
Labor, Trades and Crafts	-2.6%	-2.3%
Administrative Support and Related	-9.1%	-9.5%
Professional Services	-11.1%	-8.0%
Physical Science and Engineering	-3.7%	-1.2%
Information Technology	11.6%	19.4%

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Key Takeaways

- **Aggregate salary numbers mask significant variation**
  - The State remains behind the market in key areas such as healthcare, labor & trades, professional, and administrative staff
    - Of the 221 benchmarks in the report, 101 of them have average base salaries that are greater than 5% behind the market
    - Of the 221 benchmarks in the report, 86 of them have pay range midpoints that are greater than 5% behind the market
    - Average State tenure is roughly 10 years but average range penetration is 20% to 52%
- **Agencies and private business are experiencing high vacancy and turnover rates**
  - Private business has more flexibility to respond
  - 2022 employment market

Next Steps

- This information was used to inform the wage negotiations with COWINS

- Details will be provided at the DPA Hearing on Dec.7, following the Committee's ability to review the Decision Item and determine additional information needed

Thank You