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**COLORADO**

**Department of Personnel  
& Administration**

**FY 2022-23 Total Compensation  
Report Presentation  
November 10, 2021**





## Agenda:

- Statutory Requirements for Compensation Framework
- Total Compensation Survey Process
- Total Compensation Summary FY 2022-23

# Statutory Requirements

# Compensation Framework

Per Statute the State Personnel Director shall:

- assess prevailing total compensation practices
- determine and maintain elements of total compensation, including the payment of incentive awards to employees in the state personnel system
- determine classes of positions and the uniform alignment in the state personnel system
- establish a merit pay system
- establish pay plans
- implement the state's prevailing total compensation philosophy
- prepare an annual 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 priorities are to:**

- Establish overall pay, benefits, retirement benefits, incentives, premium pay practices, and leave consistent with prevailing practices in the market;
- Move fully competent employees in the workforce towards the market midpoint representative of the prevailing rate for this level of employee; and
- Reward employees in the workforce who are meeting or exceeding performance expectations.



# 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, 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

September 15

November 1

July 1

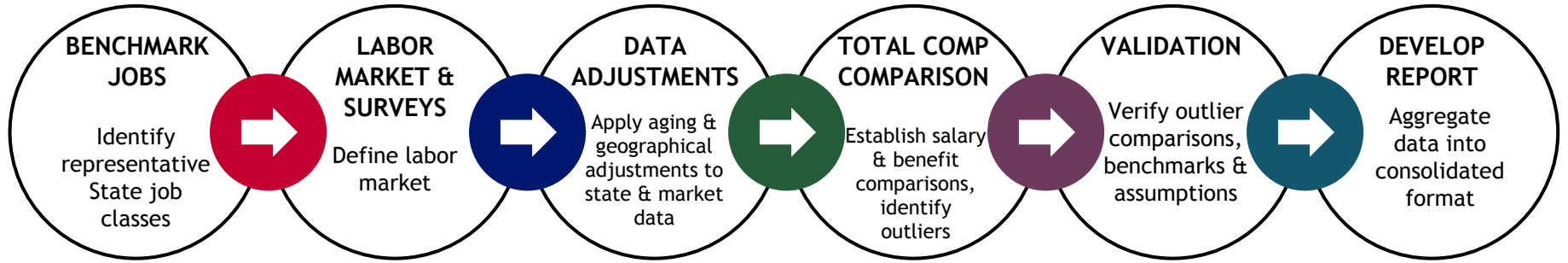
Data is collected and analysis begins. Meet and Confer is held.

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.



# Total Compensation Survey Process



# Variety of Roles



Administrative  
Support Services



Enforcement &  
Protective Services



Health Care Services



Information  
Technology Services



Labor,  
Trades, & Crafts



Physical Science &  
Engineering



Professional  
Services

# Benchmark Jobs

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- **Selected benchmark jobs from the State's classified system consisting of 681 classifications**
  - A total of 205 or 32% of State classified jobs were identified as benchmarks
  - Represents 57% 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



# Survey Sources

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- Custom survey developed for collecting benefits and retirement offerings if needed
- 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





# Survey Data Collection

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- **Published** survey data collected using the following steps:
  - **Select appropriate job match**: Involves comparing benchmark job summaries to comparable job matches from survey.
  - Review State job descriptions and other job documentation to ensure we understand the duties and responsibilities of benchmark jobs, their level of job functioning, and the reporting relationships to make appropriate job matches from published survey sources.
  - We follow standard compensation guidelines for job matching (match only those jobs that match at least 80% of the duties, responsibilities and functions as outlined in the benchmark job summary).



# Survey Data Collection

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- **Identify Career Level for selected job match:** Based on level of authority, complexity, years of experience e.g. entry, intermediate, senior, supervisor, managerial, senior management
- **Select appropriate market:**
  - Industry:
    - Public and private sector
  - Geographic location:
    - National adjusted to state of Colorado



# Survey Data Collection

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## Sample Survey Job Description:

**Accounting- Intermediate:** Establishes and maintains accounting policies and controls, fiscal controls, preparing financial reports and safeguarding the organization's assets. Maintains accounting and financial records and reports, including general ledger, financial statements, regulatory and management reports.

**LEVEL:** Intermediate. Has working knowledge and experience in own discipline. Continues to build knowledge of the organization, processes and customers. Performs a range of mainly straightforward assignments. Uses prescribed guidelines or policies to analyze and resolve problems. Receives a moderate level of guidance and direction.

(Willis Towers Watson Survey Library)



# Survey Data

## MARKET PRICING WORKSHEET

XYZ Organization

Benchmark Job Title: Accountant II

Survey Data Updated to: 7/1/2020

Market Trend Factor (Salary Budget): 3.0%

Geographic Adjustment: adjusted to State CO

Survey Source	Survey Job Match	No. Co's.	No. Inc's.	Scope Info	25th Percentile		50th Percentile		75th Percentile	
					Updated Base	Updated Total Cash	Updated Base	Updated Total Cash	Updated Base	Updated Total Cash
Compdata Survey	Accountant I	11	29	State: Colorado	\$44,400	\$45,900	\$47,700	\$48,600	\$49,800	\$51,900
Willis Towers Watson	Accountant- Intermediate	8	10	Industry: Public Administration	\$44,000	\$44,000	\$50,300	\$50,300	\$65,000	\$65,000
Mercer	Accountant- Experienced	n/a	n/a	Denver, CO	\$53,600	\$55,000	\$59,100	\$61,200	\$67,000	\$68,300
<b>OVERALL AVERAGES:</b>					<b>\$47,333</b>	<b>\$48,300</b>	<b>\$52,367</b>	<b>\$53,367</b>	<b>\$60,600</b>	<b>\$61,733</b>

- Items we check for and follow-up on are:
  - Job matches
  - That the labor market is right for each benchmark
  - The range of salaries reported for each benchmark
  - Relationship of progression levels (e.g., a level II job should have a higher salary than a level I job)
  - Data entry accuracy



# Survey Data Adjustments

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## Geographical Adjustment

- We apply geographic differentials to ensure that the data is reflective of the State's labor market and economic conditions. All data will be geographically adjusted to State of Colorado labor market.
- We use third party resources (Economic Research Institute) to identify the appropriate geographic differences.



## Aging Salary Data

- Age all market salary data to common effective date i.e. July 1, 2022 using the *WorldatWork* and the Mercer Compensation Planning Survey prevailing market trend for Salary Budget and Structure increases.



# State Trooper Analysis

- The methodology used to determine and maintain prevailing compensation for the law enforcement officers employed by Colorado State Patrol is provided by C.R.S 24-50-104
  - The labor market for this analysis includes the top three law enforcement agencies within Colorado having more than 100 commissioned officers and the highest actual average salary
  - Agencies that meet these criteria may change from one year to the next

	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Market Variance	-4.6%	-5.6%	-9.7%	-7.0%

# Total Compensation Elements for FY 2022-23

Component of Total Compensation	State of Colorado FY 2022-23	Prevailing Market FY 2022-23	Variance Between State and Market FY 2022-23
Average Base Salary	\$69,739	\$74,580	-6.5%
Average Incentive Pay	unable to collect reliable data	3% of base pay	n/a
Medical	\$12,208	\$11,562 public; \$11,103 private	=
Dental	\$1,121	\$1,330 public; \$1,249 private	16% below public and 10% below private
Vision	Included in Medical	Included in Medical	=
Retirement	18% of base pay	20% of base public; 14% of base private	below public and above private
Short-Term Disability	1.5% of pay	1.6% of base public; 1.2% of base private	=
Long-Term Disability	0.1%	0.6% both public and private	below public and private
Life and AD&D Insurance	0.3% of pay	0.3% of pay public and private	=
<b>Total</b>	<b>\$100,772</b>	<b>\$103,723</b>	<b>-2.8%</b>



# Compensation Changes - 5 Year Review

	FY 2018-19	FY 2018-19	FY 2019-20	FY 2021-22	FY 2022-23
State of Colorado Total Compensation	\$82,684	\$83,927	\$84,038	\$84,937	\$100,772
Prevailing Market Total Compensation	\$87,533	\$92,405	\$94,924	\$101,620	\$103,723
Variance Between State & Market	-5.5%	-9.2%	-11.5%	-16.4%	-2.8%
Changes to Compensation Approved by the General Assembly	3% ATB annual rate increase for all state employees, including non-classified, executive directors, SES positions, and Amendment S. The Executive Branch received funds to move the minimum wage for state employees up to \$12/hour effective July 1. All pay ranges were increased by 2%.	3% ATB annual rate increase for all state employees, including non-classified, executive directors, SES positions, and Amendment S. All pay ranges were increased by 2%.	No pay changes.	3% ATB annual rate increase for all state employees, including non-classified, executive directors, SES positions, and Amendment S. All pay ranges were increased by 2%.	





# Key Takeaways

- The State relies heavily on the its benefits package and not base salaries to be competitive.
  - Benefits is 31% of total compensation versus 28% in the market
  - PERA is a competitive benefit but overall is losing value
- Aggregate salary numbers mask significant variation
  - The State remains behind the market in key areas such as healthcare, labor, and trades
    - Of the 205 classifications in the report, 68 of them are actually greater than 10% behind the market
    - Average State tenure is roughly 10 years but average range penetration is 22% to 43%
- Agencies and private business are experiencing high vacancy and turnover rates
  - Private business has more flexibility to respond
  - 2021 employment market

# What is DPA Doing With This Data?

- Decision item to change survey process
- Coordinated Compensation Request Process
- Continued partnership with stakeholders

# Thank You & Questions

