

FY 2022-23

Meet & Confer

Annual Total Compensation Survey PROCESS & METHODOLOGY



State of
COLORADO



A Few Things to Keep in Mind

- Please use the “Chat” function located on the bottom of your screen to enter in your question(s)
 - Please make sure you are addressing “all panelists and attendees” so everyone can see your questions
- We will do our best to answer as many questions as we can, but please note we may not be able to get to everyone
- **To change the size of the presenter and interpreter, hover your mouse between the slides and the presenters, and a sizing bar will appear to give you the option to adjust your screen accordingly**
- We are recording this live session and will ensure that we have closed captions for the recorded version, which will also be available on the Division of Human Resources website



Agenda

Introduction

- Full Year
- Total Compensation Model

Annual Survey Process

- Labor Market
- Benchmark Jobs
- Compensation Survey Sources
- Market Data Collection, Adjustments & Comparisons
- State Trooper Analysis

Strategic Approach

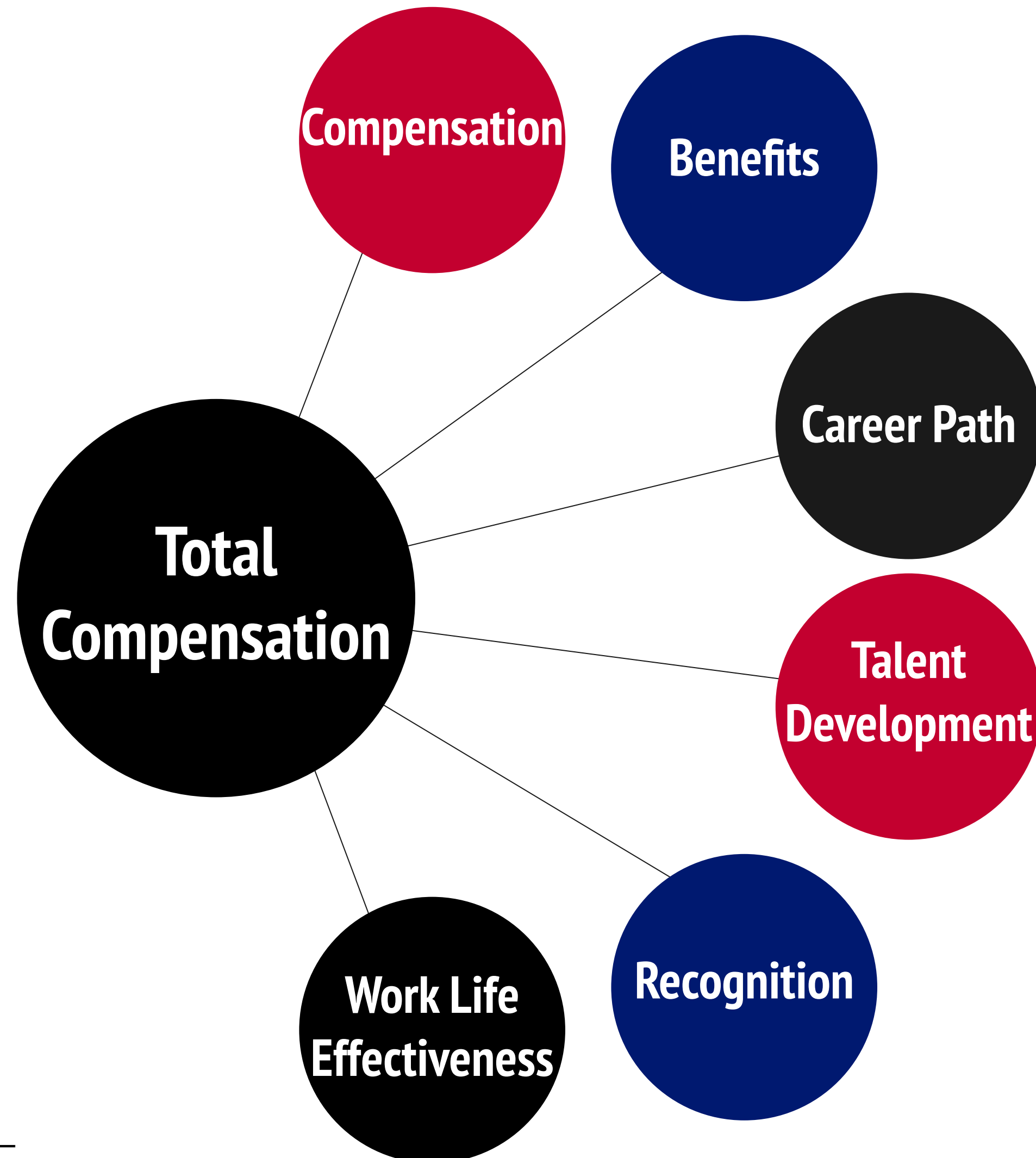


Introduction

- Every odd year, the Department must contract with a third-party compensation consultant, with actuarial experience to perform the annual compensation analysis. In FY 2022-23, the State retained Mercer for the analysis.
- This year, the State is working with Mercer throughout the full year process in order to maintain consistency.



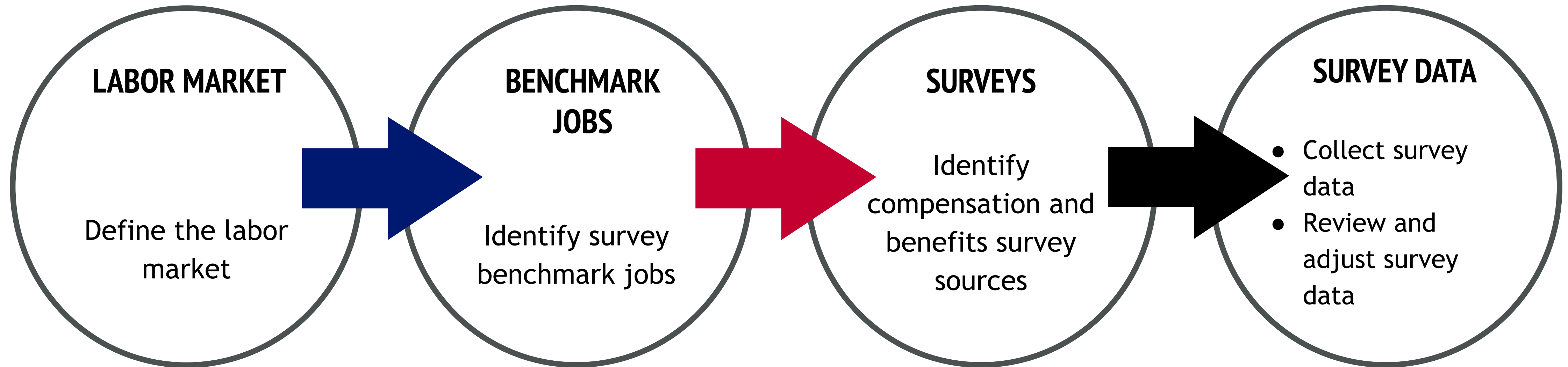
Total Compensation Model



- **Direct compensation**
 - Annual base salary
- **Indirect compensation:** Compensation that is not paid directly to an employee. Includes:
 - Medical
 - Dental
 - Disability
 - Life insurance
 - Accidental death and dismemberment insurance
 - Retirement
 - Additional benefits identified for employees



Total Compensation Survey Process



Annual Compensation Process

- **September 15:** 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.
- **November 1:** The Governor submits his budget proposal(?)
- **May:** Following the legislative process, the State Personnel Director announces the final compensation plan for the upcoming fiscal year.
- **July 1:** Implementation of the Annual Compensation Plan occurs at the beginning of the fiscal year.



Labor Market

- Defined primary labor market for collecting and comparing prevailing salary and benefits data, market trends and salary budget planning information
- Professionally accepted guidelines for defining labor markets and survey participants:
 - Similar geography
 - Comparable size: Budget, population, direct competitors
 - Data cuts: Industry (public and private sector) and geography (concentric circles)



Benchmark Jobs

- **Selected benchmark jobs from the State's classified system consisting of 667 classifications**
 - A total of 243 or 42% of State classified jobs were identified as benchmarks
- **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

- 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 Sources

- **Sample published survey sources utilized:**

- Willis Towers Watson Survey Library
- Mercer Survey Library
- CompData Benchmark Pro Survey Library
- National Compensation Association of State Government (NCASG) Survey
- Employers Council Colorado Benchmark Compensation Survey
- Employers Council Information Technology Compensation survey



Survey Data Collection

- **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

- 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:
 - Local market- entry and mid-level support and professional positions
 - Regional and National market - management positions
 - Organization size:
 - Budget, full-time employee population



Survey Data Collection

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 Adjustments

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
OVERALL AVERAGES:					\$47,333	\$48,300	\$52,367	\$53,367	\$60,600	\$61,733

- **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

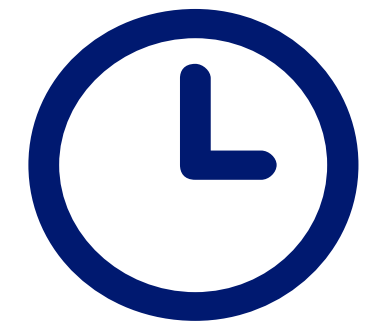
Geographical Adjustment

- 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. These geographic differentials will be shown separately.



Aging Salary Data

- Age all market salary data to common effective date i.e. July 1, 2021 using the *WorldatWork* and the Mercer Compensation Planning Survey prevailing market trend for Salary Budget and Structure increases.



Benchmark Comparisons

Data Statistics

- We calculate various statistics for summarizing the market data and assessing State's competitiveness with the market
 - Means, medians, percentiles, high/low



Data Calculation from the Market

- For each benchmark comparison, the percentage difference between the State's average actual salary and market salary is calculated to determine whether the State's actual salaries and salary ranges are above, below or competitive with prevailing market



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
- **In compliance with the statute, review the classification's job duties and identify comparable matches in the market utilizing the Employers Council Public Employers Compensation survey.**
 - In addition to top three law enforcement jurisdictions, additionally analyze the top five law enforcement jurisdictions to be compliant with standard compensation practices.



Strategic Approach

Calculating Total Compensation



- Base salary
- Total cash



- Medical coverage
- Dental and vision plans
- Life insurance
- Long-term disability insurance
- Short-term disability insurance/sick leave
- Paid time off
- Retirement (DC or DB)



Strategic Approach

Benefits Methodology Overview

- **Mercer reviewed the benefits provided to State of CO employees, analyzing both plan features and benefit levels for:**
 - Retirement (Defined Benefit/Contribution plans)
 - Health Group (Medical, Dental)
 - Life and Disability Insurance
 - Paid Leave (not included in total compensation, but rather assessed on a “total days off” basis)
- **Mercer gathered market benefits data for two market comparison groups**
 - Public Sector (other local, state, and federal government)
 - Private Sector (companies headquartered in Colorado)
- **Annualized employer-paid benefits relative values were computed for State of Colorado and the market comparison groups**
- **The annualized values of employer-paid benefits were added total cash compensation for State of Colorado and the market to compute total compensation for each benchmark job**



Strategic Approach

Benefits Market Comparison Groups

- Market data is based on a custom analysis of 30 Public Sector and 26 Private Sector organizations from Mercer’s US Benefits Benchmarking Database

Public Sector		Private Sector	
City and County of Denver, Colorado	State of Kansas	Boulder Community Health	Ovintiv, Inc.
City of Arvada, CO	State of Michigan	Centura Health	Professional Case Management
City of Boulder, CO	State of Nebraska	Cimarex Energy Company	PDC Energy, Inc.
City of Grand Junction, CO	State of New Mexico	Colorado Rockies Baseball Club	QEP Resources, Inc.
City of Greeley, CO	State of North Carolina	CoBank, ACB	Renewable Energy Systems Americas
City of Pueblo, CO	State of Oklahoma	CPI Card Group, Inc.	SCL Health
City of Colorado Springs, CO	State of Oregon	Crocs, Inc.	SM Energy Company
Colorado State University	State of South Carolina	DaVita, Inc.	Stonebridge Hospitality Associates
Denver Public Schools	State of Tennessee	DCP Midstream, LP	UCHealth
Denver Water	State of Texas	Denver Health	UDR, Inc.
Federal Agencies of Colorado	State of Utah	DISH Network Corporation	University of Denver
State of Arizona	State of Washington	Gates Corporation	
State of California	State of Wyoming	Kaiser - Colorado	
State of Florida	State of West Virginia	Liberty Global, Inc.	
State of Georgia	University of Colorado at Boulder	Noodles & Company	

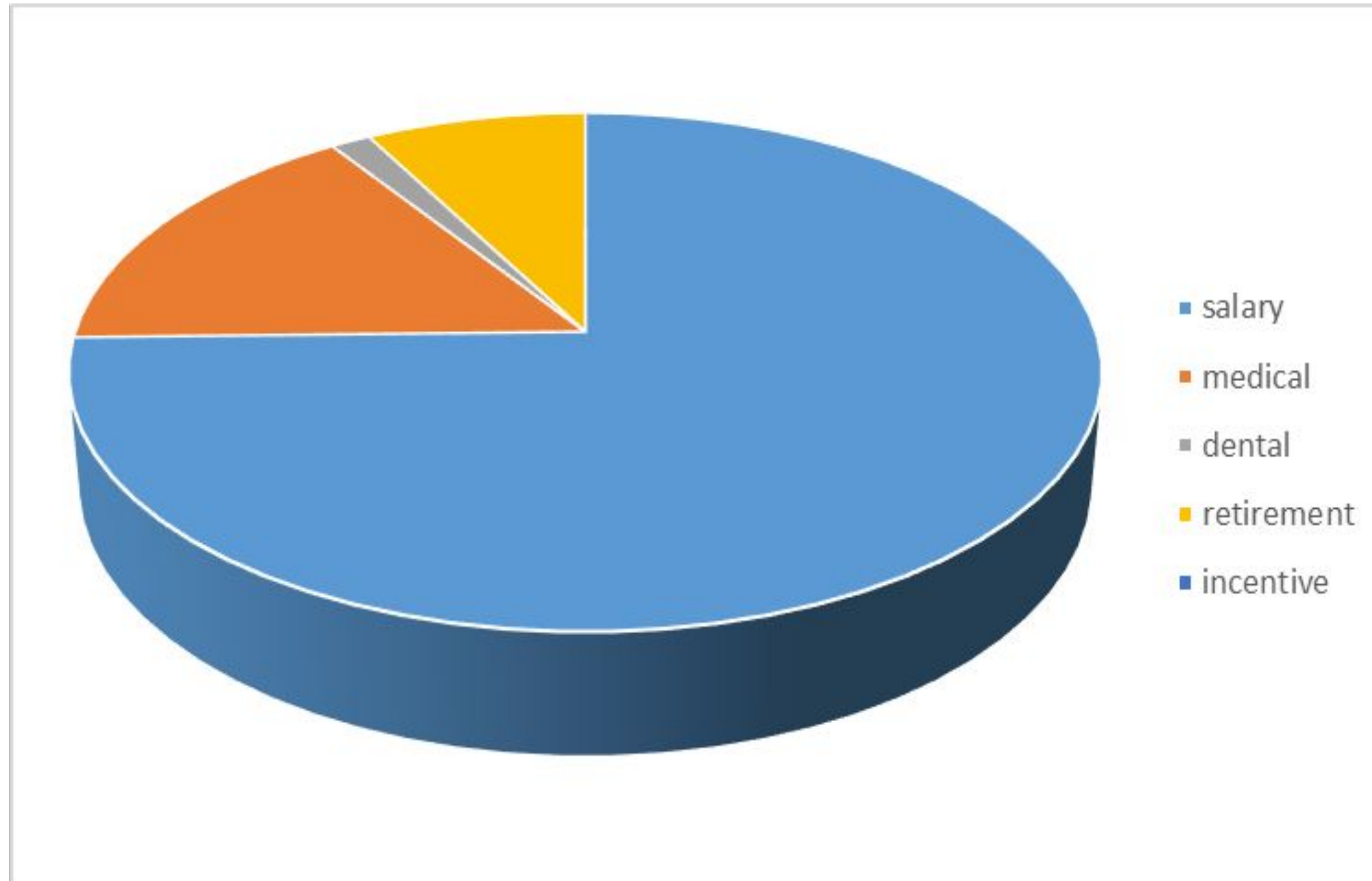
- Benefits data reflects employer-paid benefits provided to newly-hired employees (i.e., legacy benefits provided to a closed group of employees are not included).



Strategic Approach

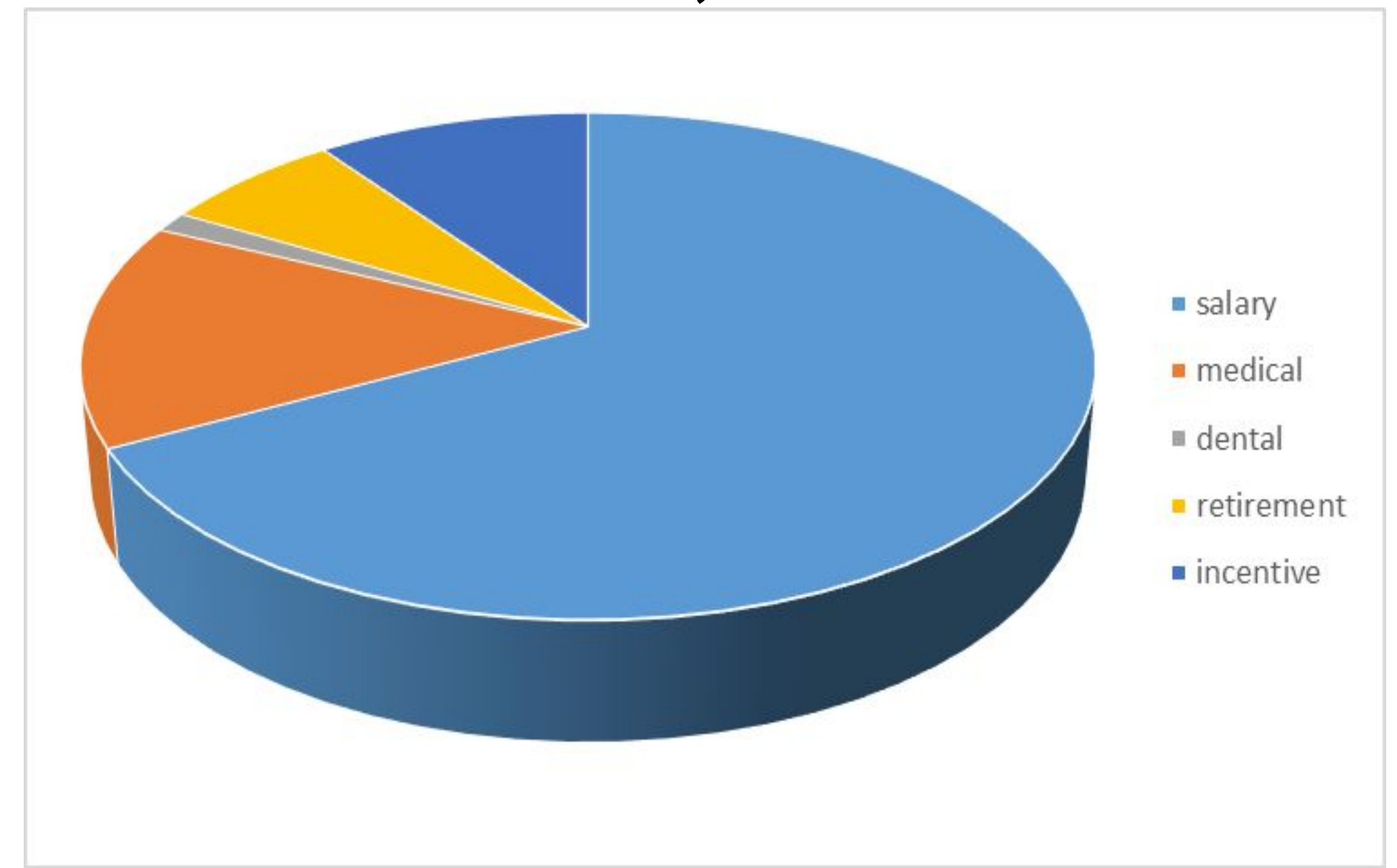
Total Compensation Example

\$56,894



Company
XYZ

\$62,676



Market Median



THANK YOU & QUESTIONS

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