

FY 2025-26 Meet & Confer

Annual Total Compensation Report SURVEY PROCESS & METHODOLOGY



State of
COLORADO



A Few Things to Keep in Mind

- Please use the “Q&A” function located on the bottom of your screen to enter in your question(s)
 - Note: Chats will only be visible to panelists and your question may not be addressed.
- 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 - we will address questions at the end of the presentation.
- We are recording the presentation section and will ensure that we have closed captions for the posted version, which will be available on the Division of Human Resources website along with this slidedeck and informational process document.



Agenda

- Introduction
- Total Compensation Model
- Total Compensation Survey Process
- Labor Market
- Benchmark Jobs
- Survey Sources & Data Collection
- Survey Data Adjustments
- Benchmark Comparisons
- State Troopers
- Benefits
- Strategic Approach

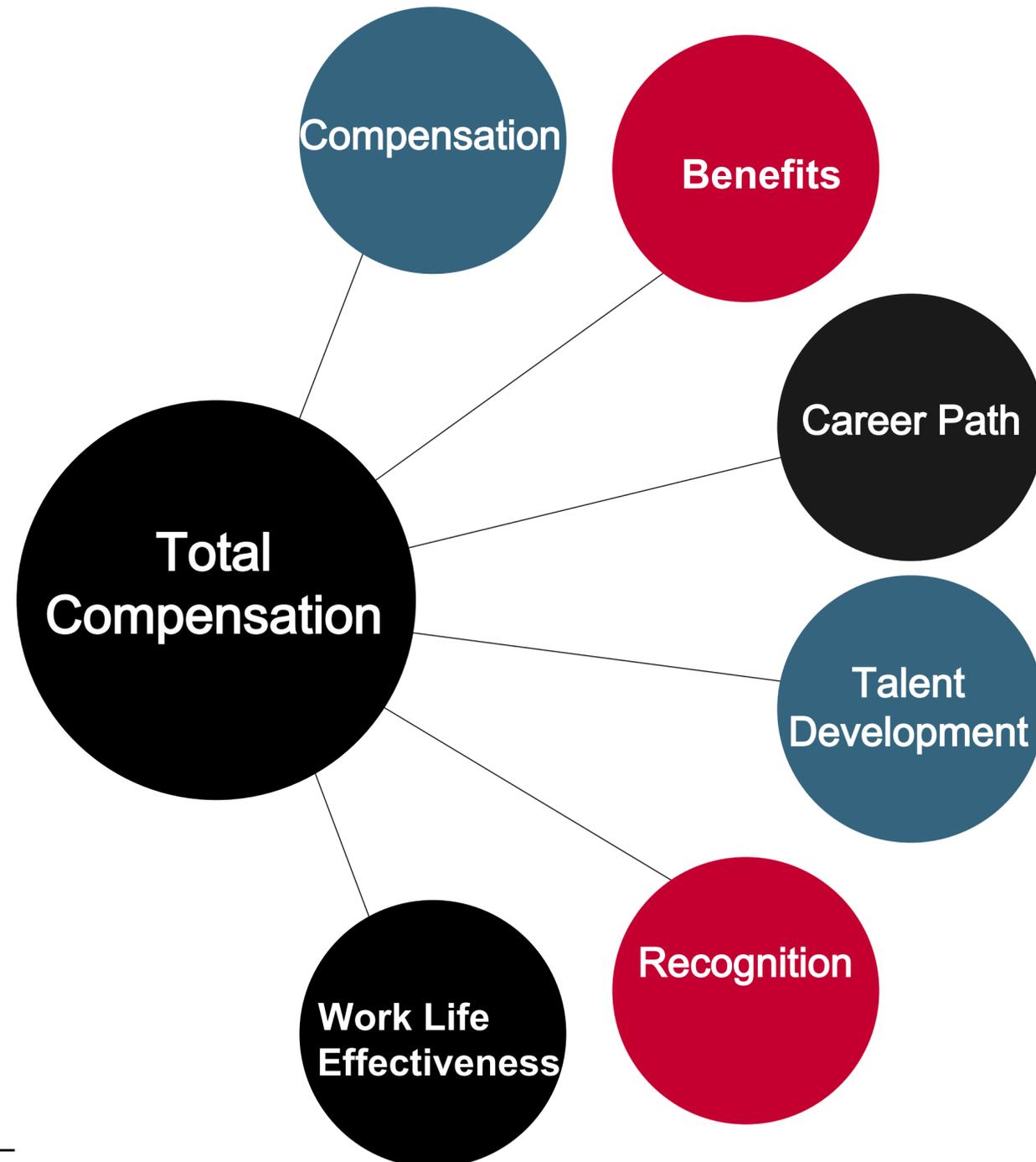


Introduction

- The State utilizes a 3rd party, independent compensation consultant to complete the annual compensation market analysis
- For FY 2025-26 the State selected Mercer as the vendor to conduct the compensation analysis



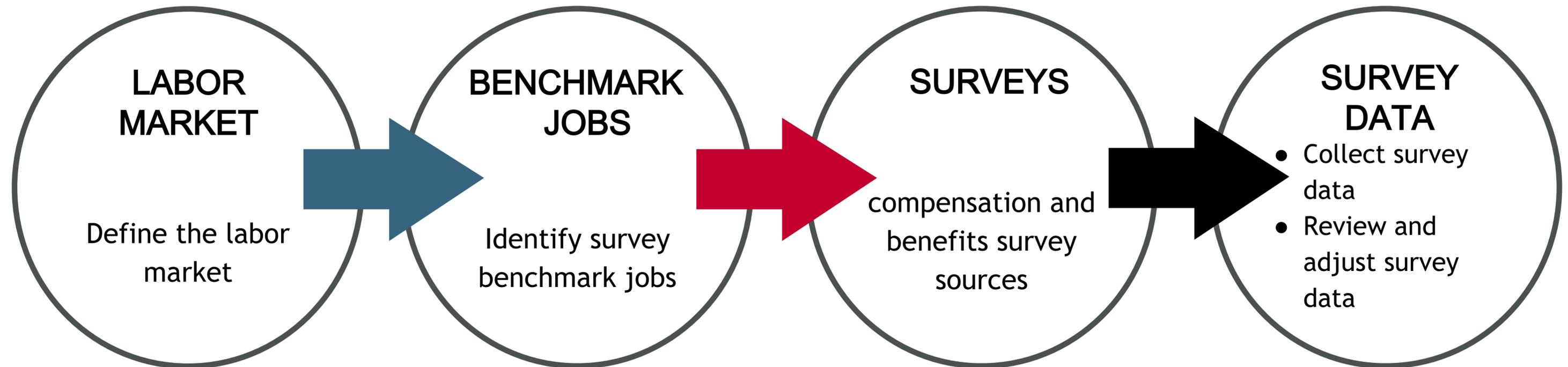
Total Compensation Model



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



Total Compensation Survey Process



Annual Compensation Process

- **October 1:** 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.



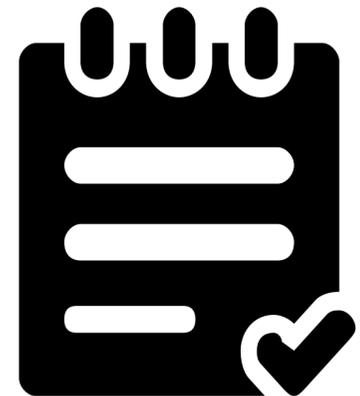
Labor Market

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



Benchmark Jobs

- **Selected benchmark jobs from the State's classified system consisting of 753 classifications**
 - A total of 367 or 49% of State classified jobs were identified as benchmarks in the FY 2025-26 study
- **Benchmark jobs represent anchor points used for making State salary comparisons with the market**
- **We utilize the following guidelines for benchmark selection:**
 - Best representation of all occupational groups and levels throughout the organization
 - Jobs with recruitment or retention issues
 - Certain critical staffing roles identified by the State
 - Jobs which have not been benchmarked in recent years



Survey Sources

- **Published survey sources that 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 date of the data, and was tested to ensure accurate matches and data
- **Custom compensation surveys**



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 Benchmark Compensation Survey



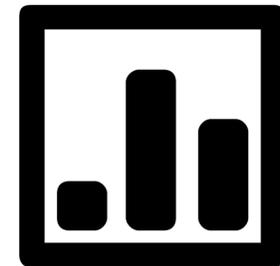
Survey Data Collection

- Survey data is collected by reviewing State class descriptions to ensure the duties and responsibilities are comparable to benchmark jobs
- When possible, 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, private, and non-profit sectors
 - Geographic location: State of Colorado, when available
 - Organization size: Budget, employee population



Survey Data Collection

Sample Survey Job Description*:

Human Resources: Designs, implements and monitors human resource programs and policies, including recruitment, learning and development, performance management, compensation, benefits, equal opportunity and diversity, etc. Anticipates and plans for long-term human resource needs and trends.

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.

*Source: Willis Towers Watson Survey Library



Survey Data Adjustments

Geographic Adjustment

- We consider geographic differentials to ensure that the data is reflective of the State's labor market.
- We use third party resources (Mercer, Economic Research Institute) to identify the appropriate geographic differences.



Aging Salary Data

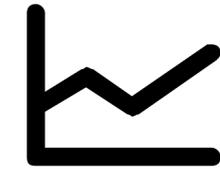
- Market salary data is aged to common effective date of July 1, 2025 using Mercer's Compensation Planning Survey market trend.



Benchmark Comparisons

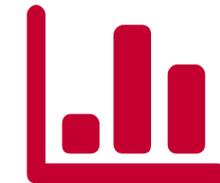
Data Statistics

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



Data Calculation from the Market

- For each benchmark comparison, the State's independent, 3rd party compensation consultant calculates the following :
 - The variance between the State's average actual salary and market median salary
 - The variance between the State's pay range midpoints and market average pay range midpoints



State Trooper Methodology

- **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, the State reviews its classifications' job duties and identifies the appropriate matches in the market.**



Benefits

- CRS 24-50-104 requires that on October 1, 2025, and every fourth year thereafter, the State shall prepare a full total compensation analysis that includes base salaries, benefits, and retirement packages.
- Next year, the State will publish this report, including an analysis of benefits.



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)



DHR website:

<https://dhr.colorado.gov/>

QUESTIONS:

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