State of COLORADO

FY 2026-27 Meet & Confer

Quadrennial Total Compensation Report

SURVEY PROCESS & METHODOLOGY

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: The Chat function has been disabled.*

- 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 the slidedeck from today.

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Agenda

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- What is Total Compensation?
- Survey Process
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- Survey Data Collection & Job Matching
- Benchmark Comparisons
- State Troopers

- Premium Pay
- Benefits & Retirement
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- Retirement
- Disability
- Leave
- Summary / Strategic Approach

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Introduction

Annual Compensation Review:

The Division of Human Resources (DHR) annually analyzes employee compensation data measure and compare the competitiveness of the State's salaries and pay structure for classified employees.

Quadrennial Total Compensation Review:

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.

Partners:

The State utilizes a 3rd party, independent compensation consultant to complete the annual compensation market analysis. For FY 2026-27 the State selected Mercer as the vendor to conduct the compensation analysis.
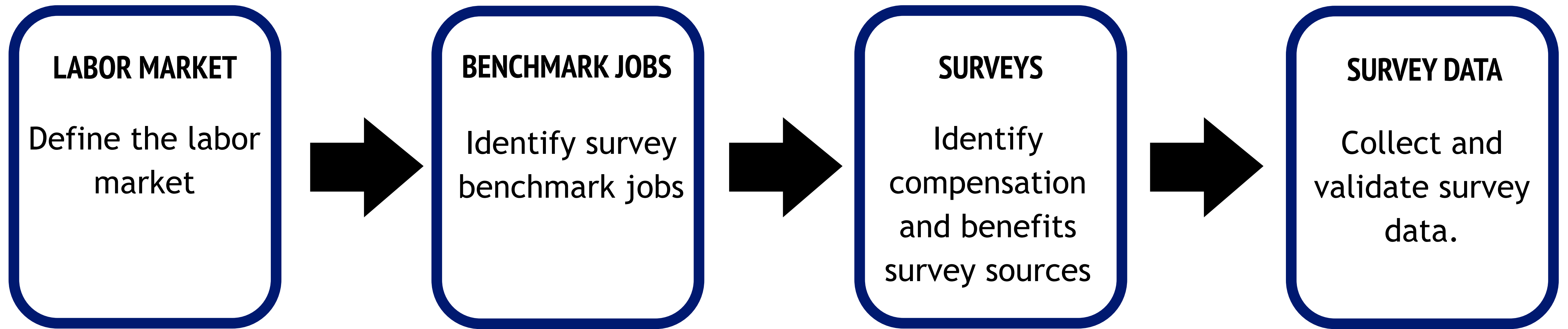
What is Total Compensation?
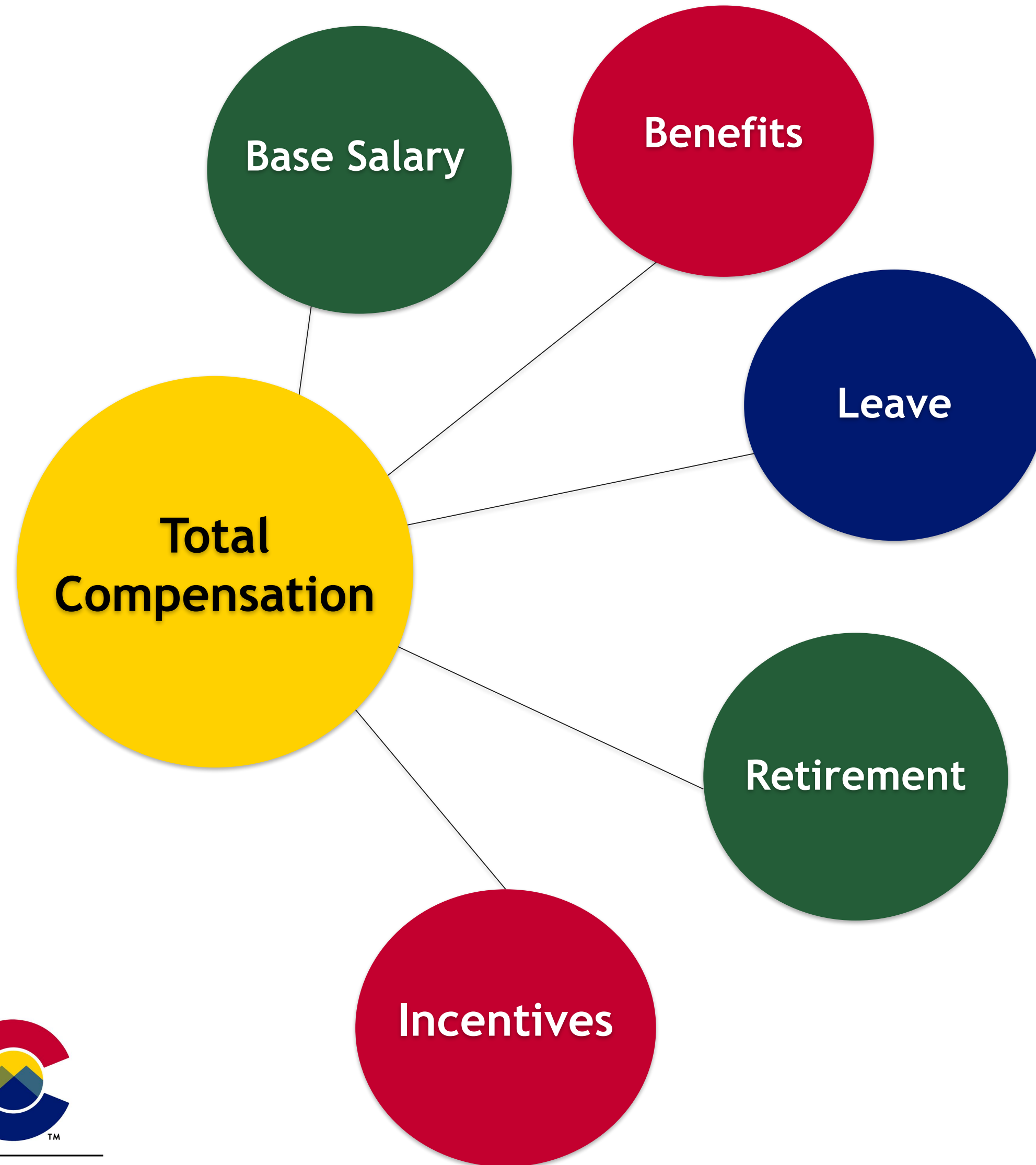
Direct compensation
- Annual base salary
- Incentives
- Spot awards

Indirect compensation is 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

Compensation Survey Process

LABOR MARKET		BENCHMARK JOBS		SURVEYS		SURVEY DATA
Define the labor market	→	Identify survey benchmark jobs	→	Identify compensation and benefits survey sources	→	Collect and validate survey data.

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Total Compensation Report Timeline

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:

The Annual Compensation Plan is implemented at the beginning of the fiscal year.

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Labor Market

The State has a defined primary labor market for collecting and comparing innovative salary and benefits data, market trends and salary budget planning information.

The State uses different segments of our survey data based on industry (public and private sector) and geography, where available.

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Compensation Benchmark Jobs (Base Salaries)

Selected benchmark jobs from the State's classified system consisting of 755 classifications.

- A total of 270 or 36% of State classified jobs were identified as benchmarks in the FY 2026-27 study.

Benchmark jobs represent anchor points used for making State salary comparisons with the market.

About half of the benchmark jobs are "core" benchmark jobs that are reviewed every year; they are selected using the following guidelines:

- 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

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Compensation Benchmark Jobs (Base Salaries)

The remaining half of benchmark jobs in a given year are rotated on an annual basis to ensure all job classifications are regularly reviewed.

When comparing the State's salaries to the market's salaries, all employees Statewide within one of the selected benchmark classifications are reflected in the market analysis.

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Survey Sources

Published survey sources that meet the following criteria:

- Be conducted by a reputable salary survey firm
- 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

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Sample Survey Sources

Sample published survey sources utilized:

- Bureau of Labor Services Occupational Employment and Wage Statistics Survey

- CompData Benchmark Pro Survey Library

- Employers Council Benchmark Compensation Survey

- Mercer Survey Library

- National Compensation Association of State Government (NCASG) Survey

- Willis Towers Watson Survey Library

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Survey Data Collection & Job Matching

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.
- Market salary data is aged to common effective date of July 1, 2026 using Mercer's Compensation Planning Survey market trend.

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Survey Data Collection & Job Matching (2 of 3)

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

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.

Intermediate Level: 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

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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

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State Trooper Methodology

- **The methodology used to determine and maintain 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.**

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Premium Pay

- Includes shift differentials, on-call, and call-back pay.

- Identifies which classifications are eligible based on job function and operational need.

- We work with our third-party consultant, Mercer, to review current pay policies and practices in the market.

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Benefits & Retirement

- **In addition to cash compensation, Mercer benchmarked the State's benefit programs against two market references using organizations from their Benefits Benchmarking Database:**

  - Public Sector: 31 cities, counties, states, and government entities

  - Private Sector: 19 general industry companies located in Colorado

- **The State's benefits are assessed from two perspectives:**

  - Qualitative: prevalence and plan designs of each program, including Retirement, Medical/Dental/Vision, Life and Disability Insurance, and Paid Leave

  - Quantitative: the annualized value of benefits for each benchmark job

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Medical, Dental, Vision & Life Insurance

- Mercer reviewed and compared key plan provisions across all plan types and coverage tiers (Employee Only, Employee + Child, Employee + Spouse, Family).

- Plan provisions that were reviewed include (but are not limited to): Cost share, deductibles, limits (out-of-pocket maximums), coinsurance, and overall value.

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Retirement

- The State provides retirement benefits through Colorado PERA, offering employees a choice between a defined benefit or defined contribution plan. The State and employees do not participate in Social Security.

- Mercer projected retirement values using employee demographic data and standard assumptions for salary growth, cost-of-living adjustments, investment returns, and employee contributions.

- Social Security benefits and costs were included in market comparisons where applicable.

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Disability

- Mercer assessed qualitative measurements of the State's offerings regarding both short- and long-term disability benefits.

  - Prevalence of employer-paid coverage;

  - Amount of salary (i.e. 60% vs. 100% of salary paid during the coverage period);

  - Length of benefit coverage.

- In addition to short-term benefits provided by the State, Mercer assessed short-term and long-term benefits offered through PERA's defined benefit plan.

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Paid Leave & Other Benefits

- Paid leave benefits are assessed on a "total days off" basis.

  - Vacation / PTO;

  - Sick leave;

  - Holidays;

  - Parental bonding leave;

  - Total days off.

- Mercer's analysis also assesses other benefits including, but not limited to wellness programs, parking, work-from-home policies, and child care.

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Summary

Strategic Approach

Compensation

- Base salary
- Total cash

Benefits

- 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)

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DHR website: dhr.colorado.gov/

QUESTIONS:

Division of Human Resources

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