

REPORT HIGHLIGHTS



Annual Compensation Study
Performance Evaluation, June 2021

Department of Personnel & Administration

SUMMARY

The Department of Personnel & Administration (Department) followed industry practices and statutory requirements when conducting the Fiscal Year 2021 and Fiscal Year 2022 compensation studies. However, the Department also has opportunities to improve its annual compensation study process to ensure the validity and reliability of its data, analysis, and related conclusions.

KEY FINDINGS

- For Fiscal Years 2019 through 2022, the State's market position declined, changing between -5.5 percent to -16.4 percent of the market average from one year to the next. Some of these changes may be due, in part, to the different methodologies and data being used between the full year and maintenance year studies.
- Forty percent of benchmark jobs in the Fiscal Year 2021 full year study and 26 percent of benchmark jobs in the Fiscal Year 2022 maintenance year study only reference one market data source; using at least three data sources provides a more reliable measurement of the market position.
- Thirty percent of benchmark jobs showed more than a 10 percent change in market position between the Fiscal Year 2021 full year study and the Fiscal year 2022 maintenance year study, warranting further review to ensure the data are reasonable and appropriate.
- Eighty-six percent of benchmark jobs in the Fiscal Year 2021 full year study and 89 percent of benchmark jobs in the Fiscal Year 2022 maintenance year study relied on published salary survey data that was aged more than 24 months, generally making it less reliable.
- Salary information used in the compensation study was generally more reflective of the private sector.

BACKGROUND

- State statute defines the State's compensation philosophy as providing prevailing total compensation to ensure the recruitment, motivation, and retention of a qualified and competent work force.
- State statute requires the Department to annually assess prevailing total compensation practices, levels, and costs in the labor market as a basis for determining any necessary adjustments to state employees' salaries, benefits, merit pay and other elements of total compensation.

KEY RECOMMENDATIONS

- Assess and report on the impact of data differences on year-to-year changes in the State's market position.
- Use at least three market data sources for each benchmark job.
- Review benchmark jobs with median market base salaries that vary by 10 percent or more between studies.
- Avoid relying on salary survey data that is aged more than 24 months.
- Review benchmark jobs with significant differences between the lowest and highest median market base salary data points.
- Modify the custom survey to prioritize and provide more balance to public sector employers.
- Consider and assess alternatives to its full year—maintenance year study approach.

The Department agreed with all of the recommendations.