



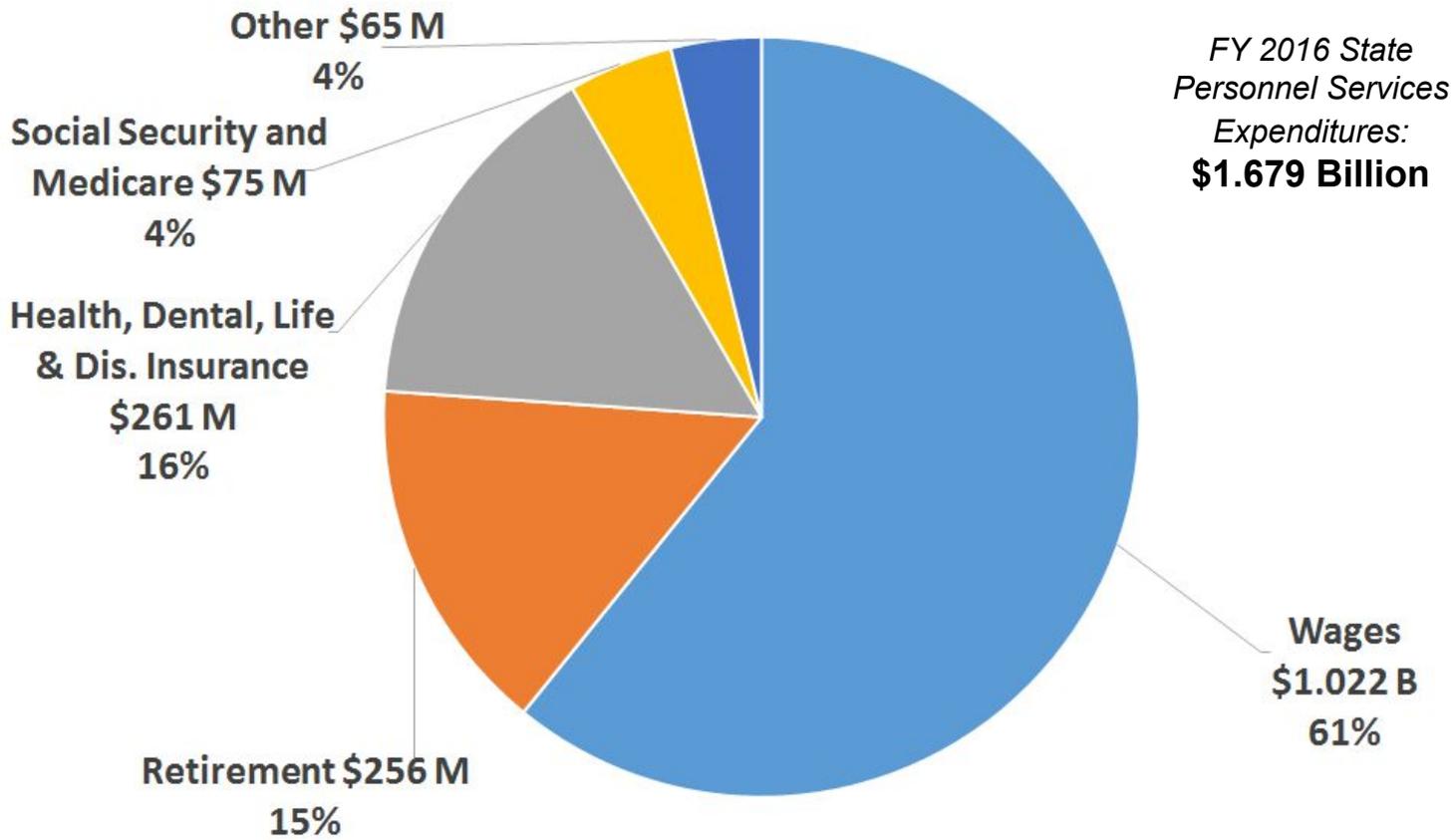
Presentation to Executive Office and Criminal Justice Subcommittee

October 20, 2016



Presentation Objectives

- Inherent problems with funding compensation increases for State employees (GOMB)
 - Funding pressures and market comparisons
 - Compensation policy considerations
- Historical comparisons to show the effect of targeted compensation increases given in recent years
 - DHRM will provide information on jobs within our jurisdiction
 - Attorney General and Guardian Ad Litem positions are outside of our purview
- Recruitment and retention data from 2012 to 2016
 - Hiring and turnover information
 - Comparison of positions against market



FY 2017 State Agency Employee Compensation Appropriations

Salary

- General Increase Equivalent 2%: **\$28.8** million all funds, **\$14.6 million GF/EF**
- DPS Trooper Career Ladder: **\$1 million GF**
- UDC Correctional Officer Increases: **\$2.37 million GF**

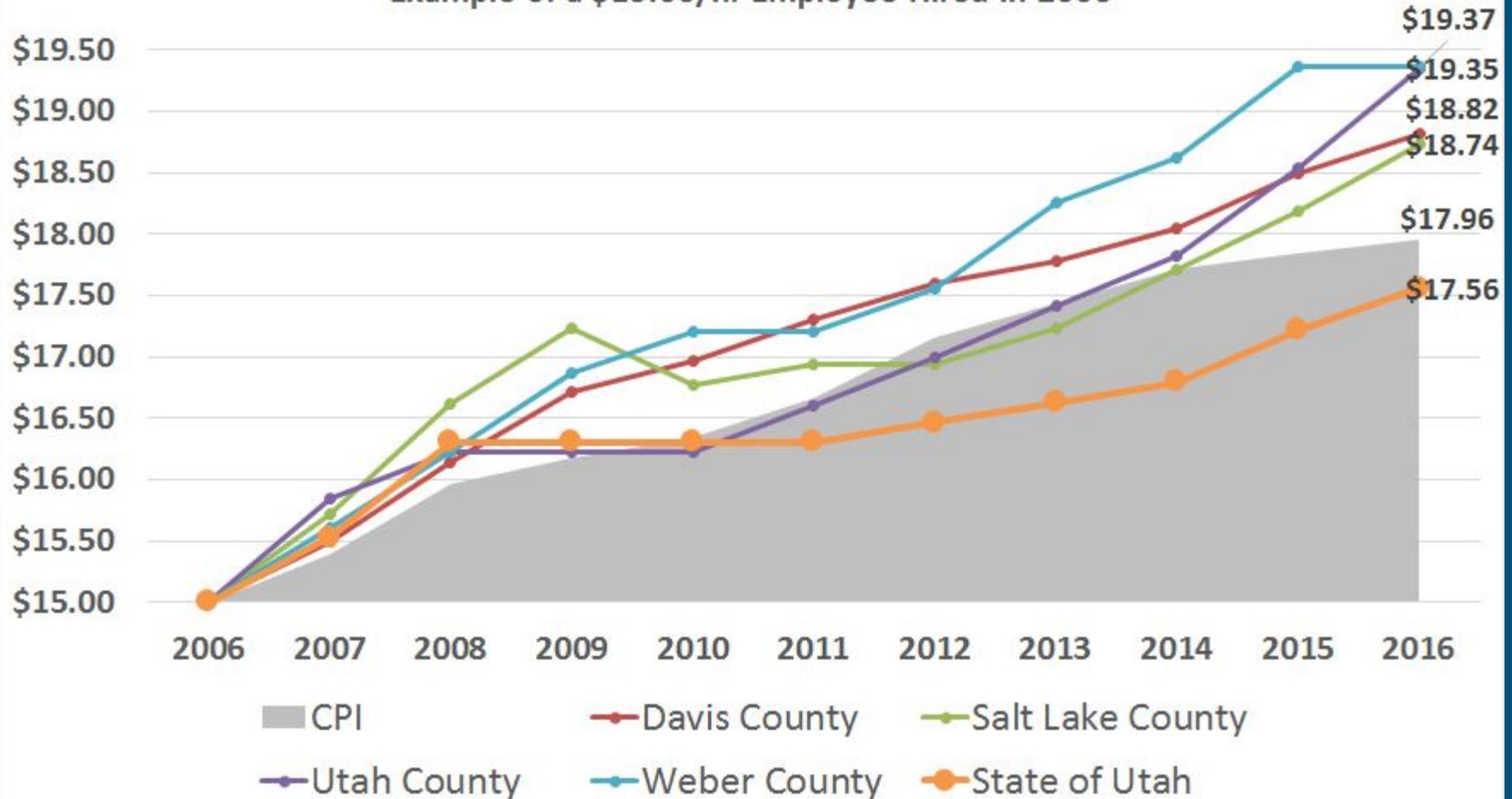
Health Insurance

- Premium increase of 7.3%: **\$16.5** million all funds, **\$8.2 million GF/EF**

Other

- Internal Service Fund Agencies: **\$2.2** million all funds, **\$0.9 million GF/EF**

General Salary Increase History for Select Public Sector Entities Example of a \$15.00/hr Employee Hired in 2006



FY 2017 Governor's Budget Recommendations for Targeted Increases

- Recommended ~\$9.3 million all funds, ~\$6.9 million GF/EF
- Targeted Increases of 3% to 8% for ~2,600 employees in +100 classifications most lagging market
- Department of Alcoholic Beverage Control example: Retail Sales Clerks and Warehouse Workers 20% below market in average salary

FY 2017 Governor's Budget Recommendations for Targeted Increases

Alcoholic Beverage Control

Funding for Targeted Increases

\$735,000

<u>Classification Title</u>	<u>% Increase</u>	<u>Incumbents</u>
ASSISTANT STORE MANAGER	6.0%	62
STORE MANAGER	6.0%	32
REGIONAL MANAGER	6.0%	3
RETAIL SALES CLERK I	8.0%	364
RETAIL SALES CLERK II	6.0%	99
WAREHOUSE SPECIALIST	4.5%	6
WAREHOUSE WORKER I	4.5%	6
WAREHOUSE WORKER II	4.5%	25
WAREHOUSE WORKER III	4.5%	9
WAREHOUSE/SURPLUS PROPERTY MANAGER	4.5%	1

Employee Compensation Funding Challenges & Policy Considerations

Challenges

- Protecting real wage value vs. closing market gaps
- Preserving health benefit advantage vs. greater employee cost sharing
- Long-run Tier II retirement cost-avoidance trajectory

Policy Considerations

- Data-driven decision-making for balancing/optimizing funding for all needs
- Encourage agency operational excellence improvements
- Evaluate employee/labor market preference for compensation mix

Presentation Objectives

- Classification/Compensation in the State of Utah overview
- Historical comparisons to show the effect of targeted compensation increases given in recent years
 - DHRM will provide information on jobs within our jurisdiction
 - Attorney General and Guardian Ad Litem positions are outside of our purview
- Recruitment and retention data from 2012 to 2016
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Classification Overview

- DHRM is statutorily responsible for classification of the State's "classified" workforce
- Classified employees are career service employees
 - Most of the State's workforce is career service
- DHRM controls these functions to assure consistency in application, provide the appropriate expertise, and to reduce liability
- Classification is assignment of career service employees to the appropriate job title and salary range for the work actually being performed
- Jobs and salary ranges are controlled by DHRM
- Reduces liability in the "equal pay for equal work" arena

Compensation Overview

- DHRM is statutorily responsible to conduct an annual salary survey
- DHRM compiles data, analyzes our position against the market and other factors, researches market trends, and makes recommendations on employee compensation to the Governor each year
- HB 239 (2015 General Session) allows DHRM to use all relevant data in our analysis and recommendations
 - Not just salary data but other factors such as turnover and applicant pool #'s, etc.
- Recommendations usually include a mix of across the board increases and targeted funding

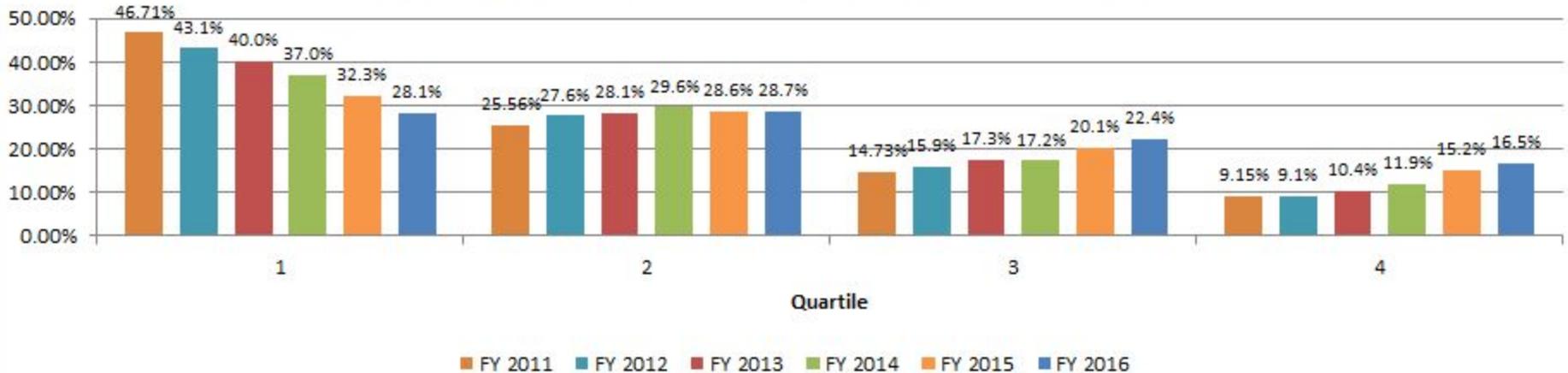
Types of Compensation Increases

ACROSS THE BOARD INCREASES

- General Increase - Provides a salary increase to employees within an existing salary range (designed to alleviate compression problems)
- Cost-of-Living Increase - Provides a salary increase to employees and increases the salary range itself (designed to keep up with inflation)
- Labor Market Increase - Provides a salary increase to employees and increases the salary range itself (designed to keep up with what the market is doing rather than just the rising cost of goods/services)

General Increase and Effect on Compression

FY 2011-2016 State of Utah Quartile Distribution



Types of Compensation Increases

SPECIFIC INCREASES

- Targeted Funding Increases - Provides a salary increase only to jobs that demonstrate real problems that can be attributed to compensation
 - May increase a structure increase if also justified
- Discretionary Increases - Provides a pool of funding for agencies to use at their discretion for things such as high performance, internal compression, retention, etc.

Targeted Funding

- Prior to HB 239 these increases were called Market Comparability Adjustments (MCA) and the ONLY data point we could use was midpoint of range comparison to market
- Targeted Funding increases are now based upon the following data points:
 - Market position
 - Abnormal length of time to fill jobs
 - Job offer declines because of low pay
 - Decreasing number of job applicants over the last 5 years
 - New hires consistently being hired towards the top of the salary range
 - High voluntary turnover
 - High involuntary turnover
 - High number of job level moves (within agency or agency to agency)
 - Exit interview data indicating salary as a factor
 - Compression at the bottom of the salary range

Structure Adjustment

- Salary range itself can sometimes be a compensation problem
- Agencies may need to increase salary ranges in order to fill jobs or retain staff
- Compression can exist at the top end of a salary range
- DHRM works jointly with agencies on structure issues to determine justified need
- Must be cost-neutral
- Can happen any time due to no funding requirements

Data Limitations

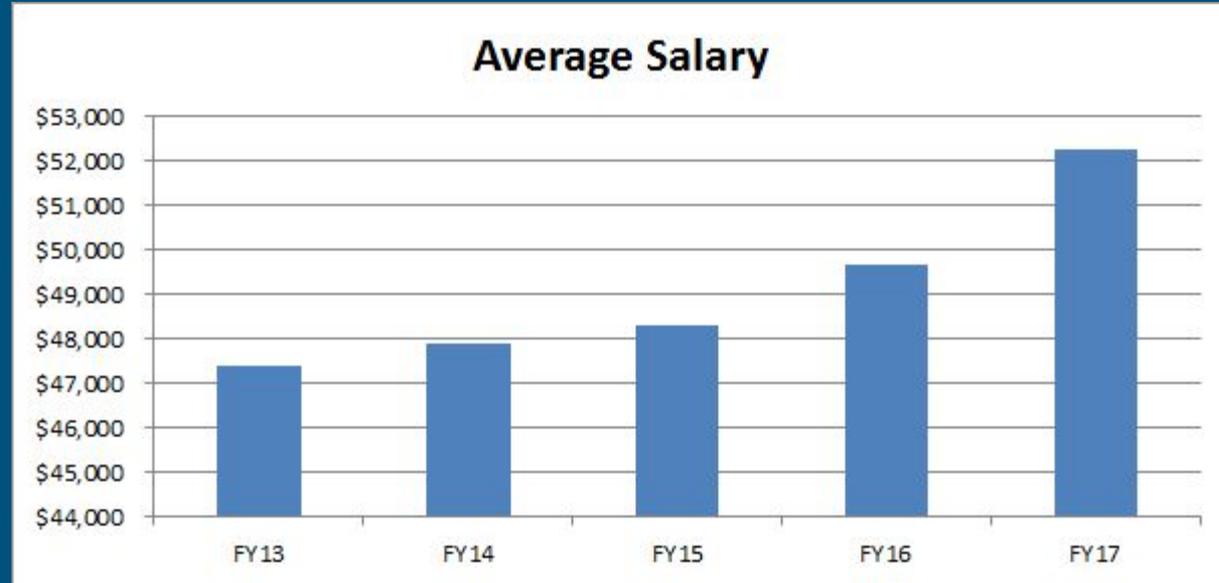
- New appropriation is too new to show impact or trend
- Some positions we are presenting on had no additional appropriation in the years requested
- Recruitment data for the 5 years requested is not available - system change occurred which makes the data inconsistent or non-existent
- One job has such few incumbents that the data is distorted
- Difficult to use one data point to determine impact; other factors such as economy and other market forces are always at play; law enforcement has other challenges
- Compensation is an ongoing issue; increases given once have very little impact
- New HRIS being built as we speak
 - Designed with the future in mind
 - Data we will be able to collect and use for workforce issues will increase exponentially

Highway Patrol Officer

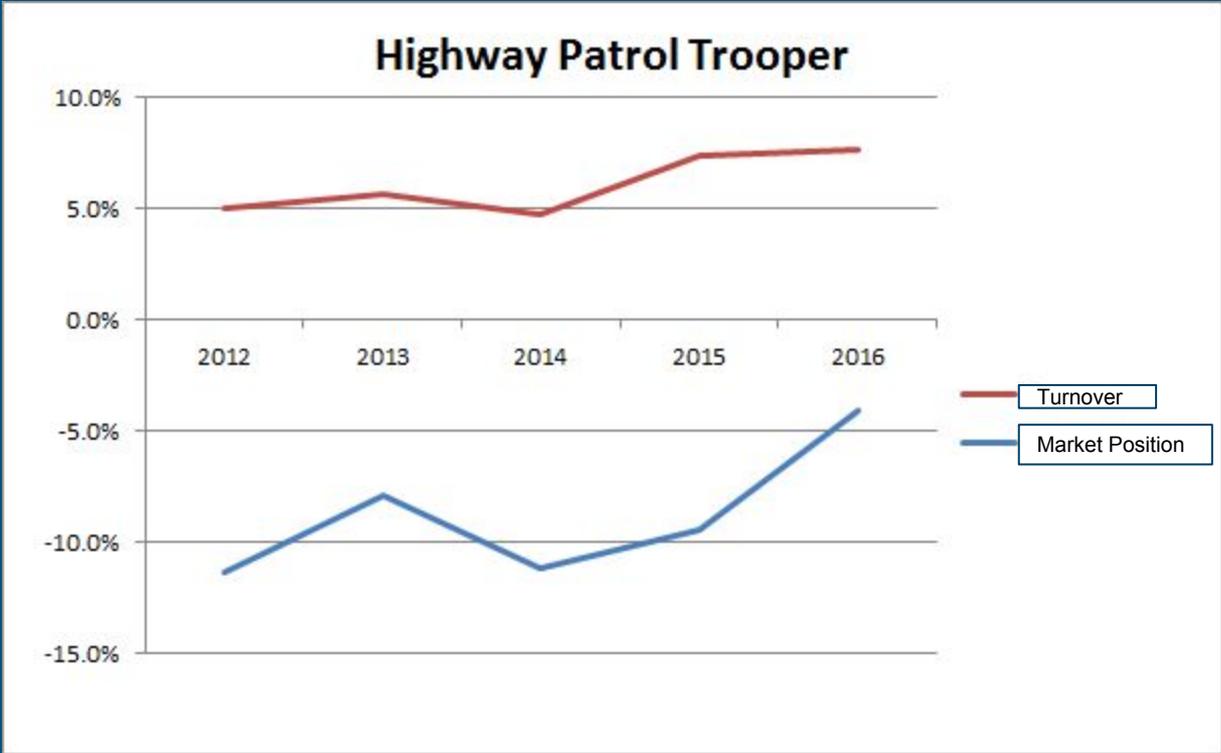
Yearly Appropriations to fund career ladder increases

Structure Adjustment June 2015 increased range from \$15.22-25.47 to \$16.61-27.81*

Structure Adjustment June 2016 increased range from \$16.61-27.81 to \$17.77-\$29.76



Highway Patrol Trooper Market Position and Turnover



Certified Dispatcher

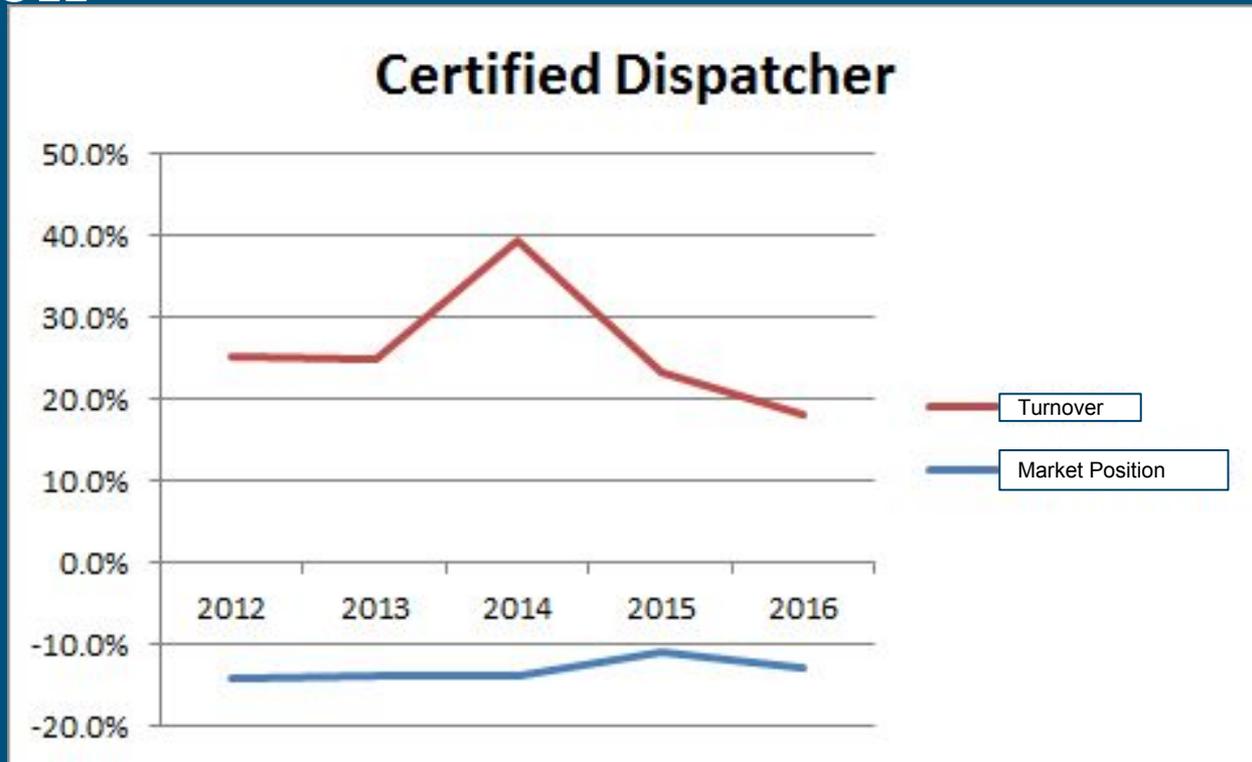
FY16 Targeted Funding-
2.25% increase

Administrative
Adjustment February
2016 increased range
from \$12.58-\$18.90 to
\$13.65-\$21.64

Added to Public Safety
Retirement program in
FY16



Certified Dispatcher Turnover and Market Position



Correctional Officer

FY16 Targeted Funding -
\$.60 for all certified staff

FY17 Targeted
Funding/Turnover
Savings- \$.71 for all
certified staff



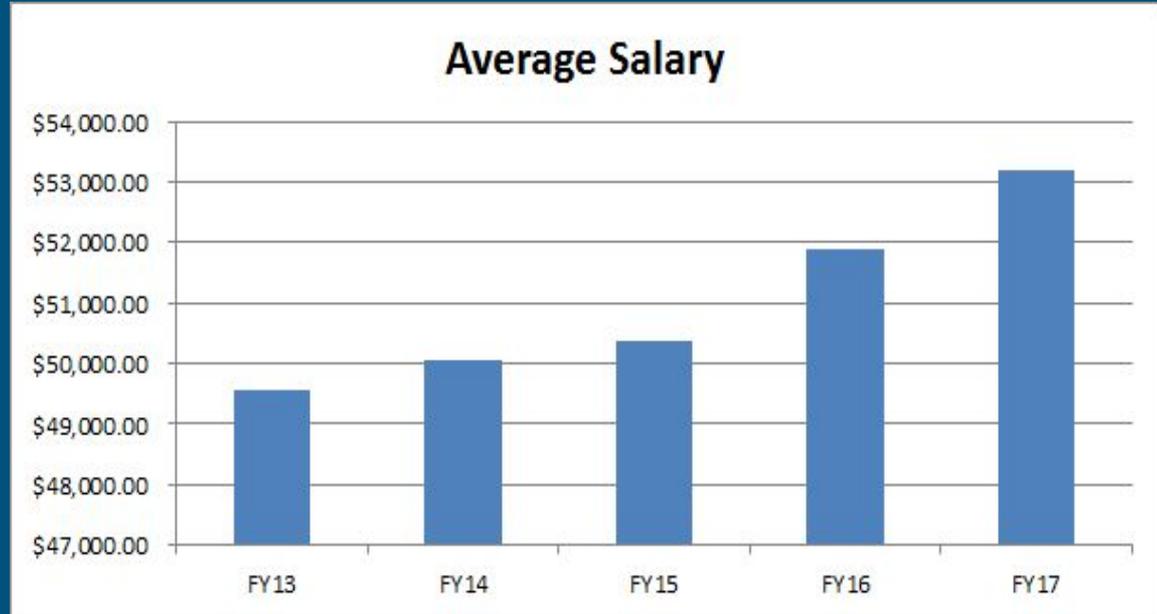
Correctional Officer Turnover and Market Position



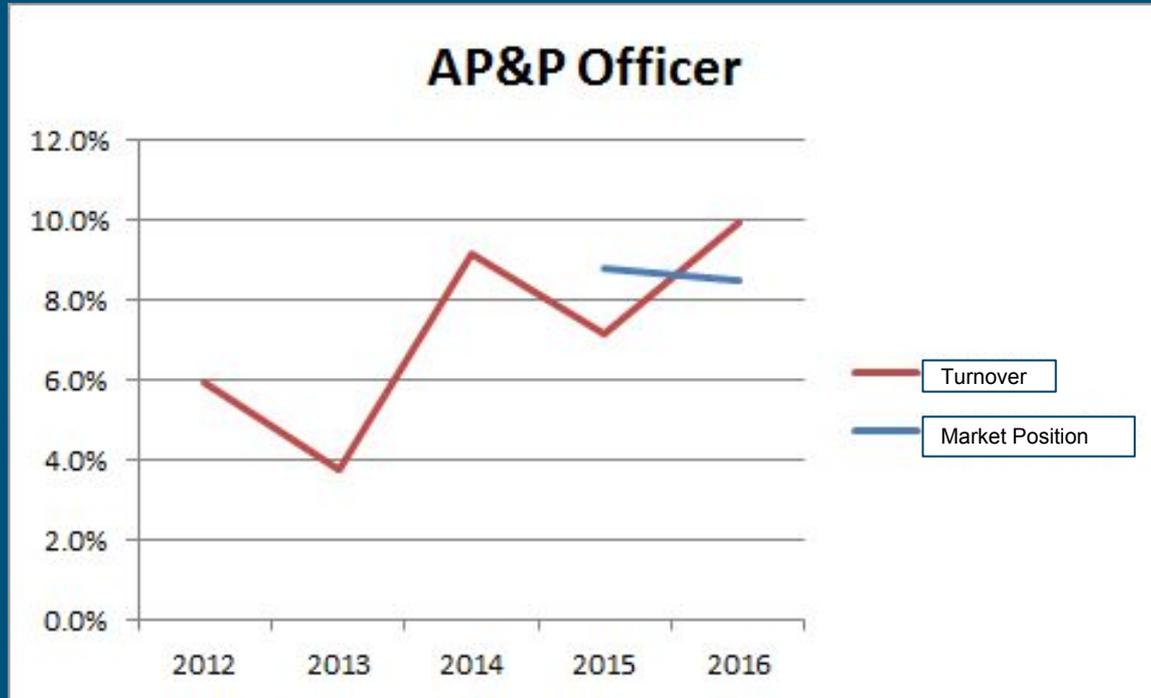
AP&P Officer

FY16 Targeted Funding -
\$.60 for all certified staff

FY17 Targeted
Funding/Turnover
Savings- \$.71 for all
certified staff



AP&P Officer Turnover and Market Data

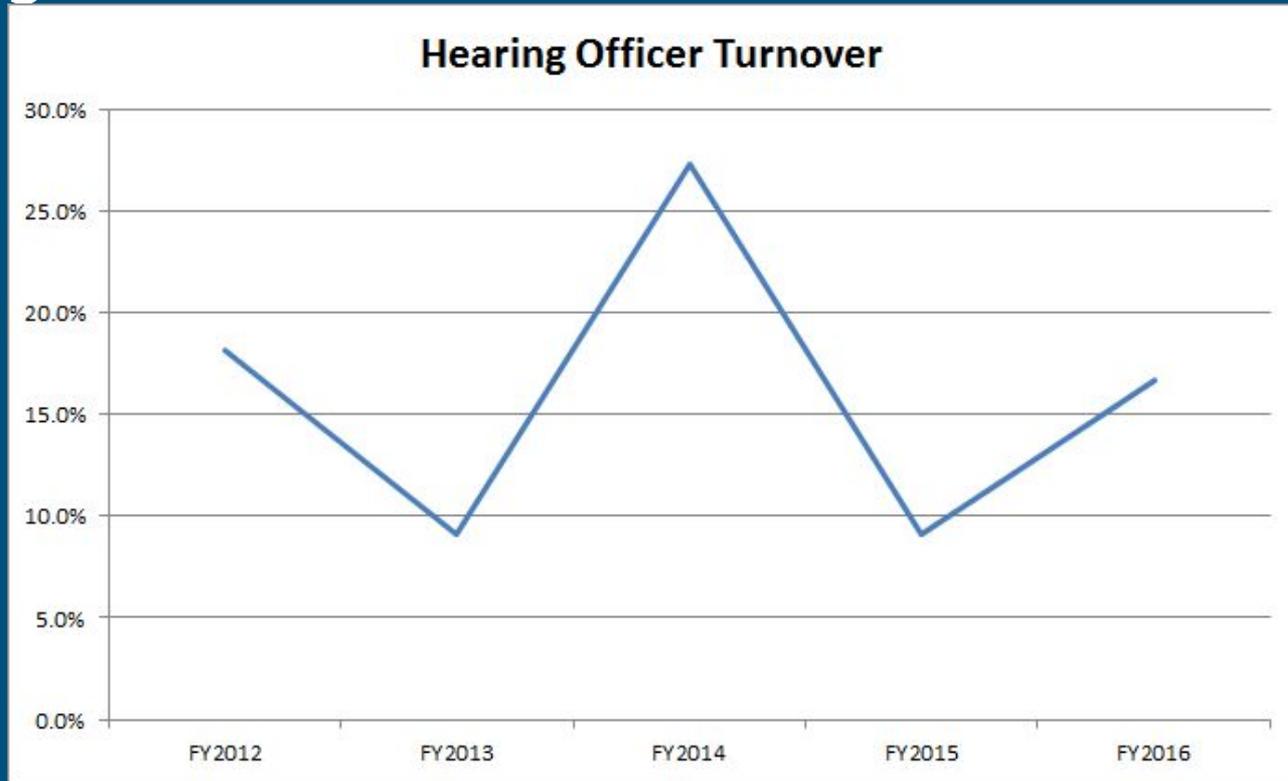


Hearing Officer

Structure Adjustment
March 2016 from
\$19.65-\$31.35 to
\$22.34-\$35.45



Hearing Officer



Questions?

