

Total Compensation Report

Presentation of Findings to CEC
Committee

State of Idaho

January 11, 2018



KORN FERRY™
| HayGroup

Introduction

The State of Idaho (the “State”) asked Korn Ferry Hay Group (“KFHG”) to conduct a total compensation analysis

Specifically, the State asked KFHG to do the following:

- Compile salary market analysis results from published, custom and KFHG survey sources
- Conduct benefits market analysis
- Determine total compensation market position
- Present findings to legislative committee

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- **KFHG employed standard, industry accepted methodologies to conduct the analysis**
 - **KFHG used a consistent comparator market to ensure stable and objective results**



How was the total compensation analysis conducted?

The following survey sources were used (consistent with the 2015 analysis) to compare average pay for the State's 231 classifications to the market:

- **Several survey sources were compiled and provided to KFHG by the State:**
 - Western Management Group (July 1, 2017)
 - Milliman Health Survey (May 1, 2017)
 - Milliman Management Professional Survey (May 1, 2017)
 - Milliman IT Survey (June 1, 2016)
 - NCASG – 7 Western States (July 1, 2017)
- **KFHG combined these sources with its own data:**
 - Hay Group General Market (May 2017)
- **The above salary data are projected to January 1, 2018, using a 3.0% annual rate**
- **The State also provided the results of the recently conducted custom salary survey of Idaho employers by Milliman**
 - The survey included 73 classifications, not all of which are aligned to the 231 benchmark classifications
 - Survey responses came from 32 organizations, 75% of which are public sector
 - The custom survey is effective October 1, 2017
- **Consistent with prior studies, the following comparator markets, taken from KFHG's 2017 benefits database, were used for the benefits analysis**
 - General Market – General market (private sector) organizations with employees in Idaho, as well as Nevada, Oregon, Utah and Washington contained in our current benefits database.
 - Public Sector Market – Public sector organizations in the West, excluding California



How was the total compensation analysis conducted? (continued)

The following terms are used when making comparisons of the State of Idaho to the market:

P25	P25 is the 25th Percentile, meaning that 75% of the market data is above this point, and 25% is below
P50 / Median	P50 is the Median, meaning that 50% of the market data is above this point, and 50% is below
P75	P75 is the 75th Percentile, meaning that 25% of the market data is above this point, and 75% is below
Market Average	Average pay in the external labor market as determined by published salary surveys for similar jobs in the market
Weighted Average	Average salary by job that takes into consideration the number of employees in a particular job. The more incumbents in a job, the more “weight” the average salary for that position will have in the calculation



What are the analysis findings?

The State's market position in 2017 for cash compensation compared to the overall market is largely unchanged from 2015

- Certain jobs/job families have improved their competitive position in the market, while some jobs have moved further behind.

Cash Area	Idaho vs. Private Sector Market Average		Idaho vs. Public Sector Market Average		Idaho vs. Custom Survey Market Median	
	2015	2017	2015	2017	2015	2017
Actual Base Salaries	-24.5%	-23.9%	-13.7%	-14.1%	N/A	-9.0%
Base Salary Policy	-19.8%	-20.2%	-7.4%	-9.9%	N/A	N/A

- State of Idaho's base salary midpoints in 2017 are also slightly less competitive, indicating that the State has not increased its compensation ranges in line with the markets
- The Private Sector and Public Sector results are based on Hay Group's analysis of external survey data provided and compiled by the State of Idaho, plus Hay Group's database for employees located in Idaho. Each private sector survey source is equally weighted
- The Custom Survey results are based on the findings of the recently conducted survey by Milliman



What are the analysis findings?

The State's current overall competitive market position for benefits is consistent with the 2015 market position

- Moderate decreases in Public Sector health care and no significant changes to Idaho's programs have resulted in slight increases in Idaho's market position

Benefit Area	State of Idaho vs. Idaho Private Sector Market		State of Idaho vs. Public Sector Market	
	2015	2017	2015	2017
Total Benefits	P75	P75	P50	P50
Retirement	> P75	> P75	P25-P50	P25-P50
Healthcare	> P75	> P75	P50	P75
Disability	P75	> P75	> P75	> P75
Life Insurance	P50	P50	> P50	> P50



What are the analysis findings?

Below is the summary comparison of the State's market competitiveness for all components of pay in 2015 vs. 2017

Pay Component	Idaho vs. Private Sector		Idaho vs. Public Sector	
	2015	2017	2015	2017
Salary	-24.5%	-23.9%	-13.7%	-14.1%
Benefits	<u>14.4%</u>	<u>8.8%</u>	<u>-9.4%</u>	<u>-8.5%</u>
Total Compensation	-8.4%	-12.2%	-11.3%	-10.9%

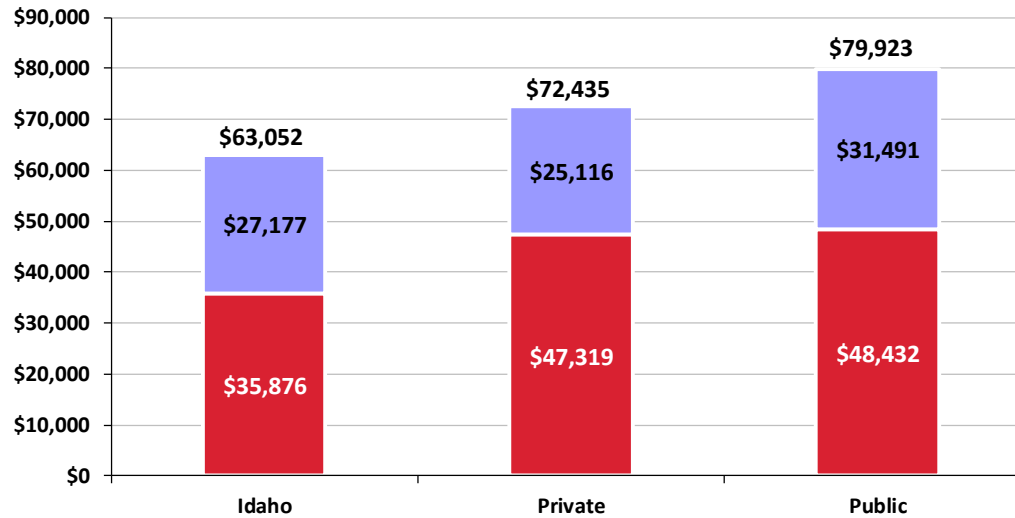
- Private Sector – Idaho's base salary market position has remained largely unchanged from 2015 to 2017 and is well below the market average. Below market salaries continue to depress the overall value of benefits, resulting in a total compensation market position that is more than 10% below market average
- Public Sector – Idaho's base salary and benefits market positions relative to the public sector have also not changed in 2017 over 2015, resulting in a similar total compensation market position in 2017
- Pay Mix for State employees varies against the market depending on salary



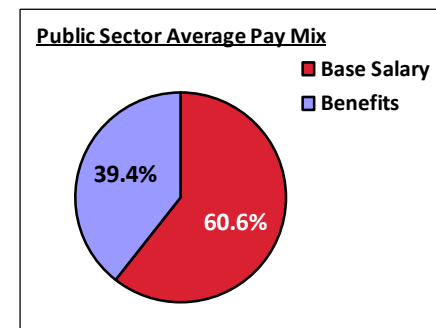
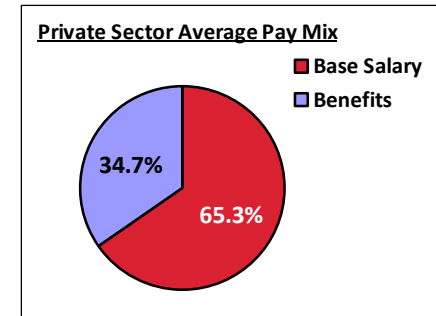
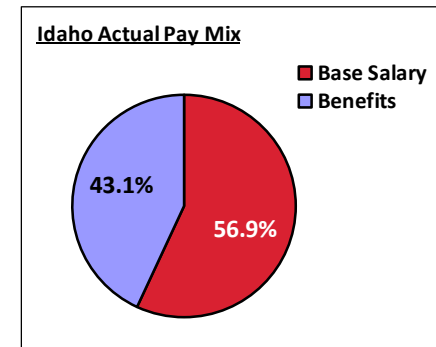
What are the analysis findings?

STATE OF IDAHO VS. PRIVATE & PUBLIC SECTOR – PAY GRADE I

Pay Grade I



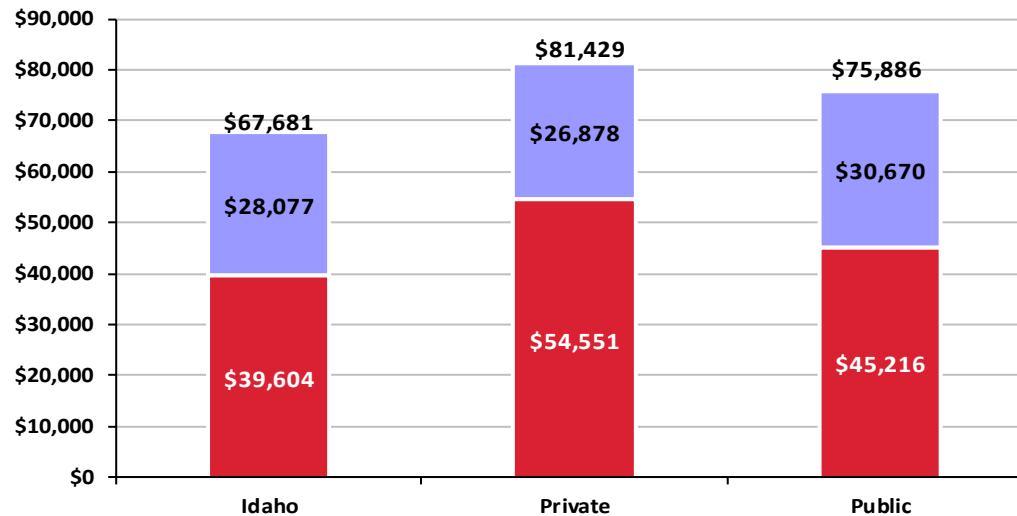
	Idaho	Private	Public
Base Salary	\$35,876	\$47,319	\$48,432
Benefits	\$27,177	\$25,116	\$31,491
Total Remuneration	\$63,052	\$72,435	\$79,923



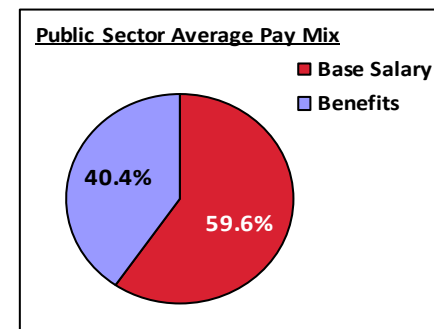
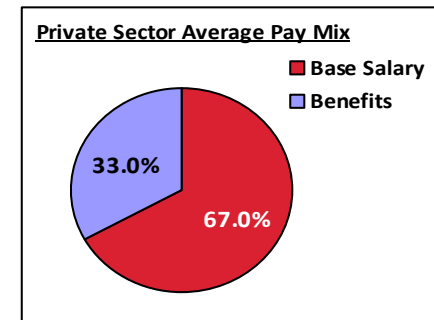
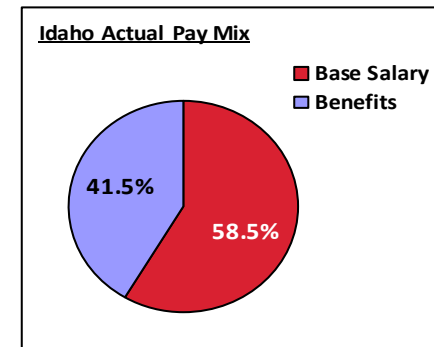
What are the analysis findings?

STATE OF IDAHO VS. PRIVATE & PUBLIC SECTOR – PAY GRADE J

Pay Grade J



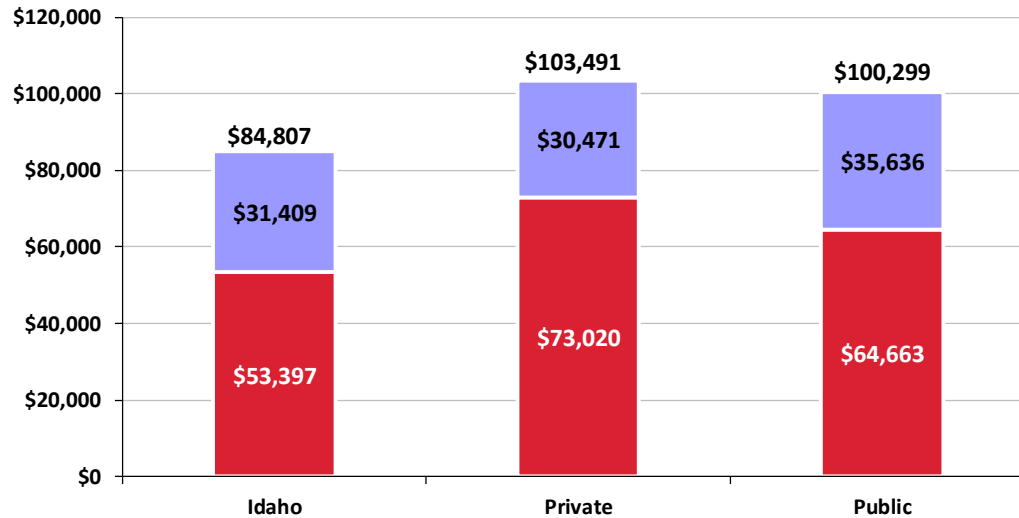
	Idaho	Private	Public
Base Salary	\$39,604	\$54,551	\$45,216
Benefits	\$28,077	\$26,878	\$30,670
Total Remuneration	\$67,681	\$81,429	\$75,886



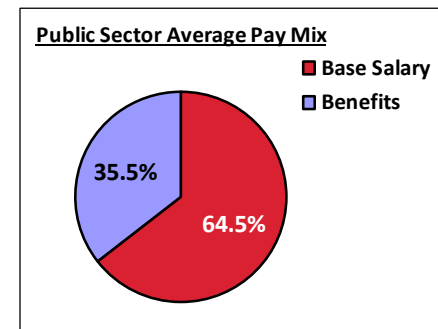
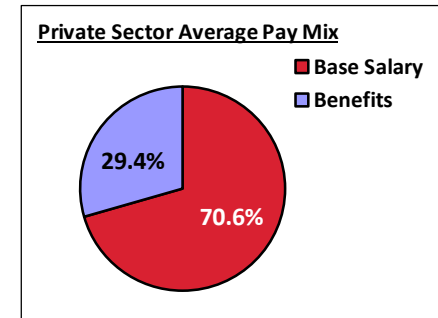
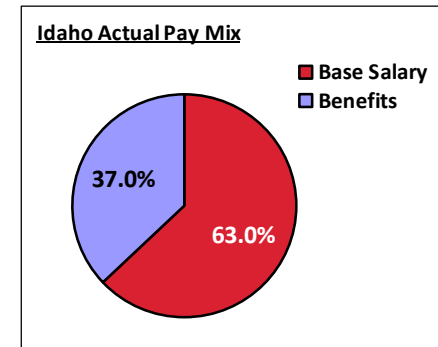
What are the analysis findings?

STATE OF IDAHO VS. PRIVATE & PUBLIC SECTOR – PAY GRADE L

Pay Grade L



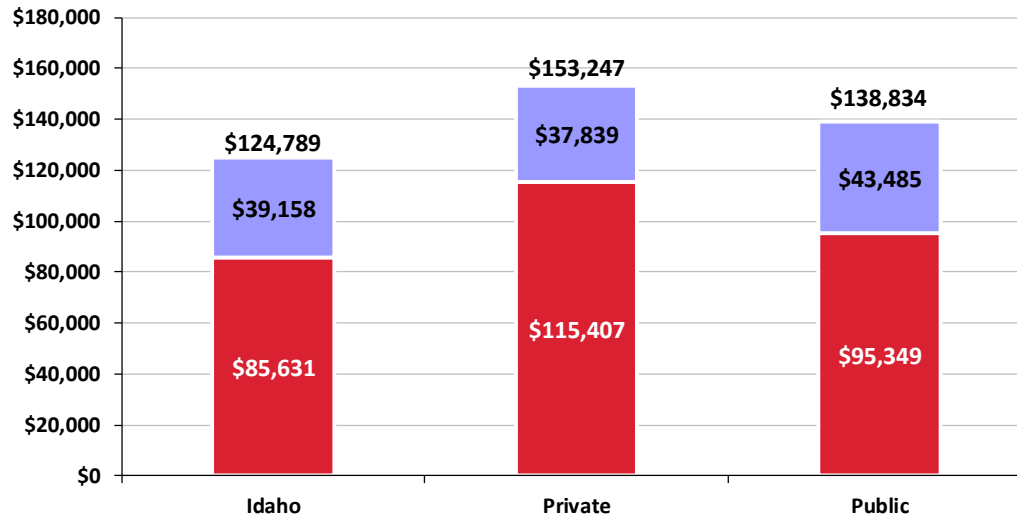
	Idaho	Private	Public
Base Salary	\$53,397	\$73,020	\$64,663
Benefits	\$31,409	\$30,471	\$35,636
Total Remuneration	\$84,807	\$103,491	\$100,299



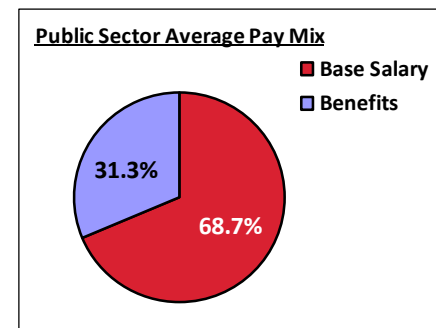
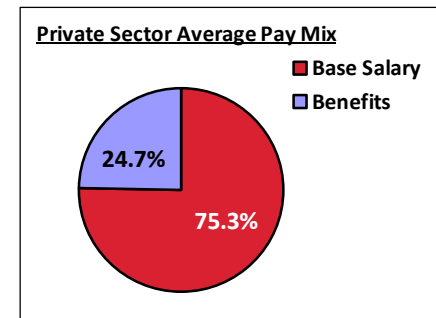
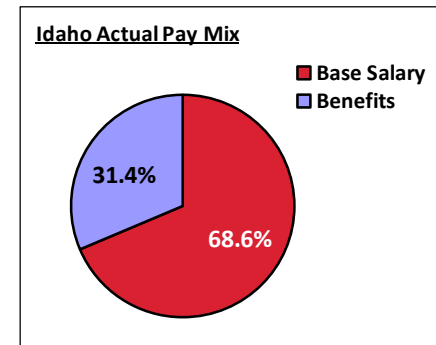
What are the analysis findings?

STATE OF IDAHO VS. PRIVATE & PUBLIC SECTOR – PAY GRADE O

Pay Grade O



	Idaho	Private	Public
Base Salary	\$85,631	\$115,407	\$95,349
Benefits	\$39,158	\$37,839	\$43,485
Total Remuneration	\$124,789	\$153,247	\$138,834



Thank you

Malinda Riley
Senior Principal



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