2018 State Salary Survey Executive Summary

Survey purpose

- The Office of Financial Management – State Human Resources (State HR) is required by law (RCW 41.06.160) to conduct a salary survey to determine the prevailing pay rates for jobs that are comparable to state government jobs.
- State leaders use tools such as the salary survey to help find the appropriate balance among containing the cost of government operations, compensating state employees fairly and competing in the job market for employees with the specialized skills and knowledge required to perform the work of state government.
- The salary survey is one source of data and should be used in conjunction with other workforce factors when informing potential changes to employee pay, benefits or working conditions.

Overall summary

- The state offers health plans that are comparable to other public and private sector offerings.
- The state offers dental and retirement plans that are competitive with other public and private sector offerings.
- State salary ranges are more competitive at the bottom of the pay range (Step A to Step M).
- 13 percent of surveyed state salary range midpoints[1] are at or above the estimated market value[2]; 48 percent are more than 25 percent below the EMV.

Survey process overview

- State HR contracted with a national survey firm, Arthur J. Gallagher & Co., to conduct the survey. Gallagher has more than 32 years of experience.
- Invitations were sent to 58 public employers; salary and benefit data was collected for 43 employers through a custom survey or data mined from the employer's website. Of those, 63 percent are from the in-state public sector and 37 percent are other state governments. Other state governments provide data for jobs found only in state government or when salary information cannot be obtained from the Washington labor market. These states are Arizona, California, Colorado, Idaho, Illinois, Maryland, Massachusetts, Minnesota, Montana, Nevada, New Mexico, Oregon, Pennsylvania, Utah, Virginia and Wyoming.
- In-state private sector salary and benefit data was collected through published purchased survey sources.
- An additional custom survey was conducted to collect benefit data just from in-state private sector employers with more than 5,000 employees. However, no replies were received.
- The survey participants represent union and nonunionized employers. In-state public sector participants represent employers from various geographic regions across the state of Washington.
- Survey participation in 2018 increased in all markets:
    - In-state private sector participation: 2016 = 23; 2018 = 86
    - In-state public sector participation: 2016 = 23; 2018 = 27
    - Other state government participation: 2016 = 13; 2018 = 16

2018 survey updates

- Prior to conducting the survey, State HR implemented recommendations from the 2016 survey contractor as well as stakeholder feedback to improve the salary survey process. Survey updates and methodology changes include:
    - Revision/updates to benchmark descriptions and indexing as necessary.
    - Use of the median[3] survey result rather than the mean[4]., as data is less affected by outliers and produces a more stable result.

[1] Salary range midpoint: salary range minimum plus salary range maximum, divided by 2

[2] Estimated market value: the combined average of the median survey results for the in-state public sector, other state governments and the in-state private sector.

[3] Median: the middle value in a set of ranked data points i.e. half the data points are below this level.

[4] Mean: the value obtained by adding a set of numbers and then dividing the sum by the number of items in the set.

- Use of published data sources to represent the in-state private sector due to a steady decline in participation from 2010 through 2016. Survey sources are:
  - CompData Benchmark Pro 2016 Survey Library
  - Economic Research Institute
  - Gallagher 2017 National Benefits survey
  - Milliman 2017 Northwest Benefits Survey
  - Milliman 2017 Northwest Financial Industry Compensation Survey
  - Milliman 2017 Northwest Healthcare Compensation Survey
  - Milliman 2017 Puget Sound Regional Salary Survey
  - Milliman 2016 Northwest Engineering/Scientific/Project Management Survey
  - Milliman 2016 Northwest Management and Professional Salary Survey
  - Milliman 2016 Northwest Utilities Salary & Wage Survey
  - U.S. Medical Expenditure Panel Survey 2016
  - Willis Towers Watson 2016 Survey Library
- Inclusion of retirement benefit plan data and more comprehensive medical plan data.
- Other state government selection methodology expanded to include states within the continental western states region.
- The in-state public sector, other state government and in-state private sector median results were combined and averaged to calculate the EMV.
- The salary range midpoint for Washington data is derived from middle value of the bottom and top steps of the approved general service salary schedule, including longevity steps.

Key findings – salaries

- The survey compared salaries for 179 representative (benchmark) jobs. When looking at benchmarked as well as indexed job classes, the results show:
  - **13 percent of state salary range midpoints are at or above the EMV.** Example: pharmacy technicians are paid 29 percent above the EMV; forensic scientists are paid 1 percent above the EMV.
  - **6 percent of state salary range midpoints are 2.5–10 percent below the EMV.** Example: social service specialists are 7 percent below the EMV.
  - **33 percent of state salary range midpoints are 12.5-2 percent below the EMV.** Example: maintenance mechanics are paid 15 percent below the EMV.
  - **48 percent of state salary range midpoints are more than 25 percent below the EMV.** Of those classes, 13 percent are more than 50 percent below the EMV. Example: drafting technicians are paid 36 percent below the EMV.
- State salary ranges are more competitive at the bottom of the pay range (Step A to Step M).

Salary Range Market Comparison

	Salary Minimum	Salary Midpoint	Salary Maximum
State of Washington Salary Range Market Position	88%	80%	80%

Key findings – vacation

- The majority (67 percent) of survey participants provide vacation and sick leave, instead of paid time off.
- Vacation and sick leave offered by the state is competitive with the market.

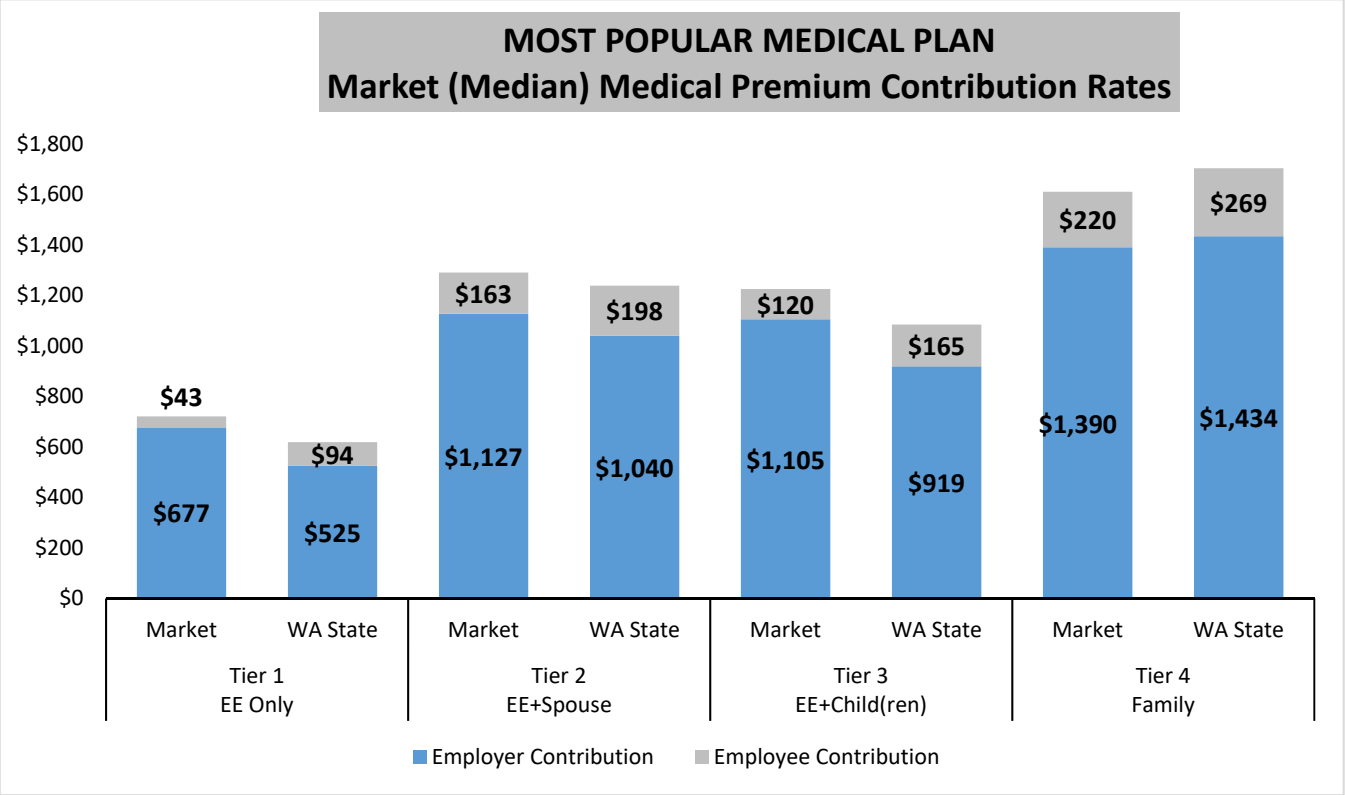
Annual Vacation and Paid Time Off Accrual Rates

	State of Washington		Market		Market
Years of Service	Vacation Leave	Sick Leave	Vacation Leave	Sick Leave	Paid Time Off
1 year	14 days	12 days	12 days	12 days	17 days
3 years	15 days	12 days	13 days	12 days	20 days
5 years	17 days	12 days	15 days	12 days	21 days
7 years	18 days	12 days	16 days	12 days	22 days
10 years	20 days	12 days	18 days	12 days	25 days
15 years	22 days	12 days	21 days	12 days	27 days
20 years	24 days	12 days	24 days	12 days	30 days
25 years	25 days	12 days	24 days	12 days	30 days
26+ years	25 days	12 days	25 days	12 days	30 days

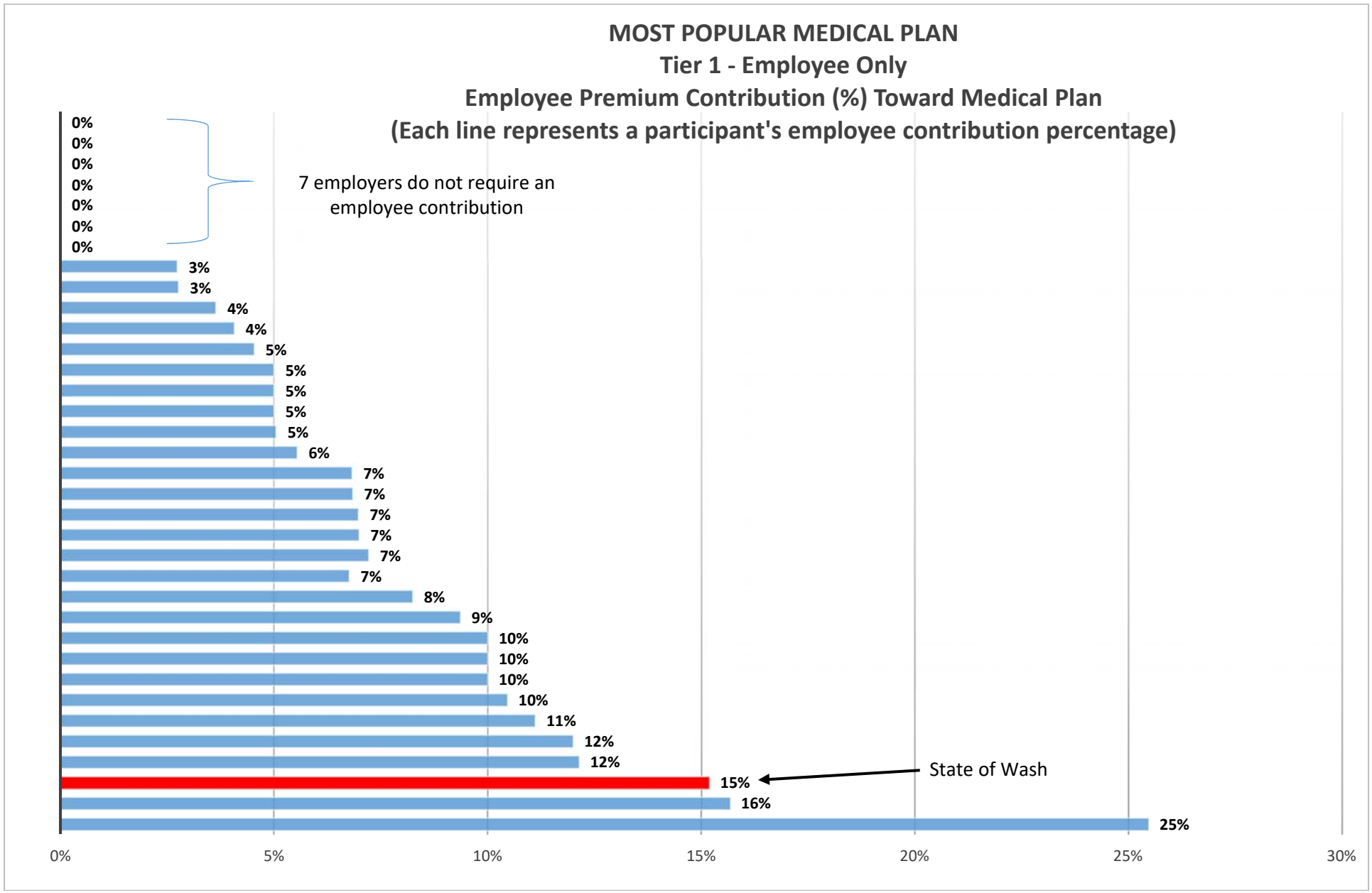
Key findings – benefits

- In-state private sector data was derived from three published data sources for employers in Washington (Gallagher 2017 National Benefits survey, Milliman 2017 Northwest Benefits Survey, U.S. Medical Expenditure Panel Survey 2016).
- State employees pay a greater share of the monthly premium than employees in the surveyed market in every tier. However, employee monthly contributions are more comparable to the market as dependents are added to the plan.

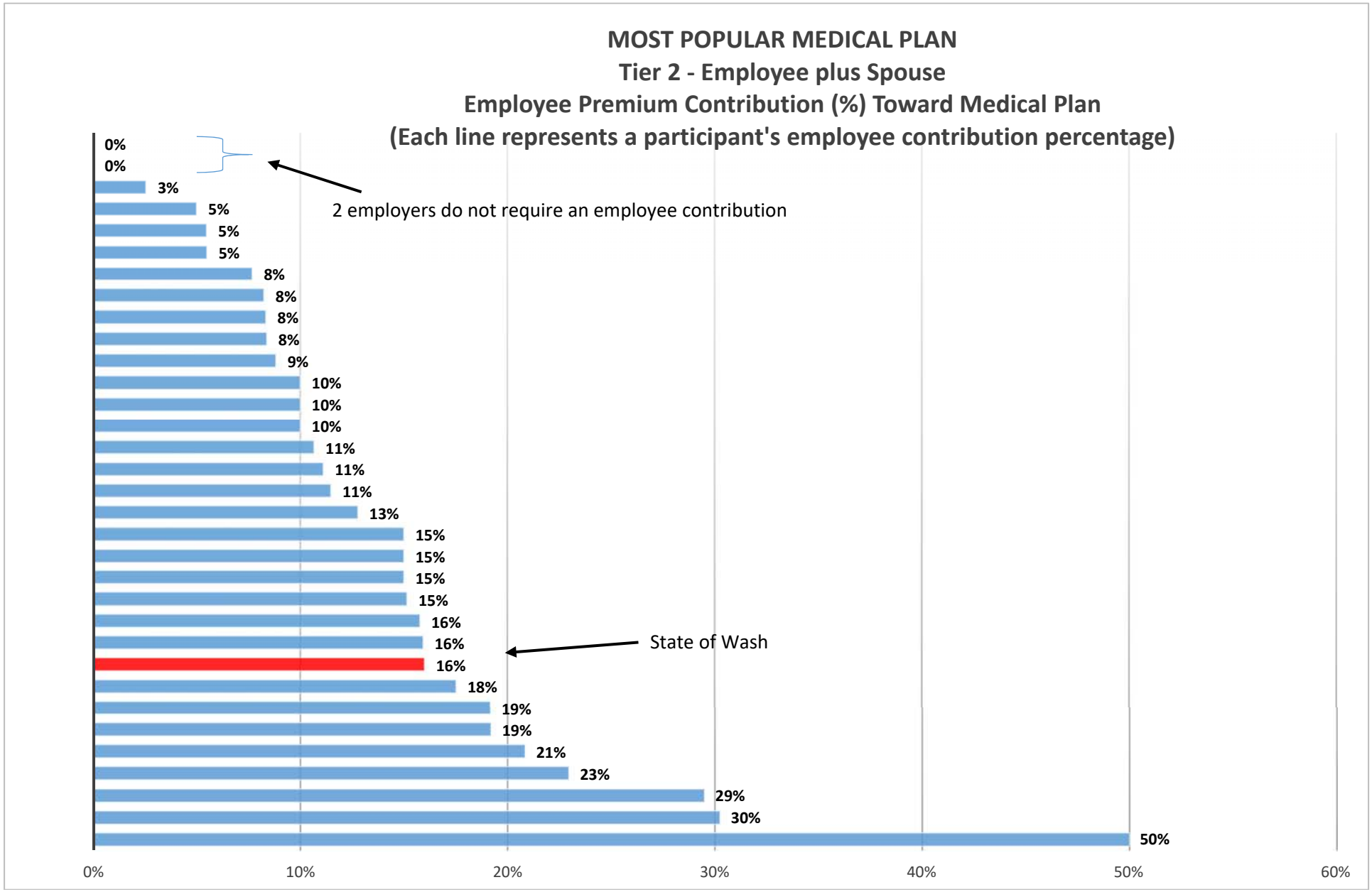
Medical Plan, Monthly Employer / Employee Premiums



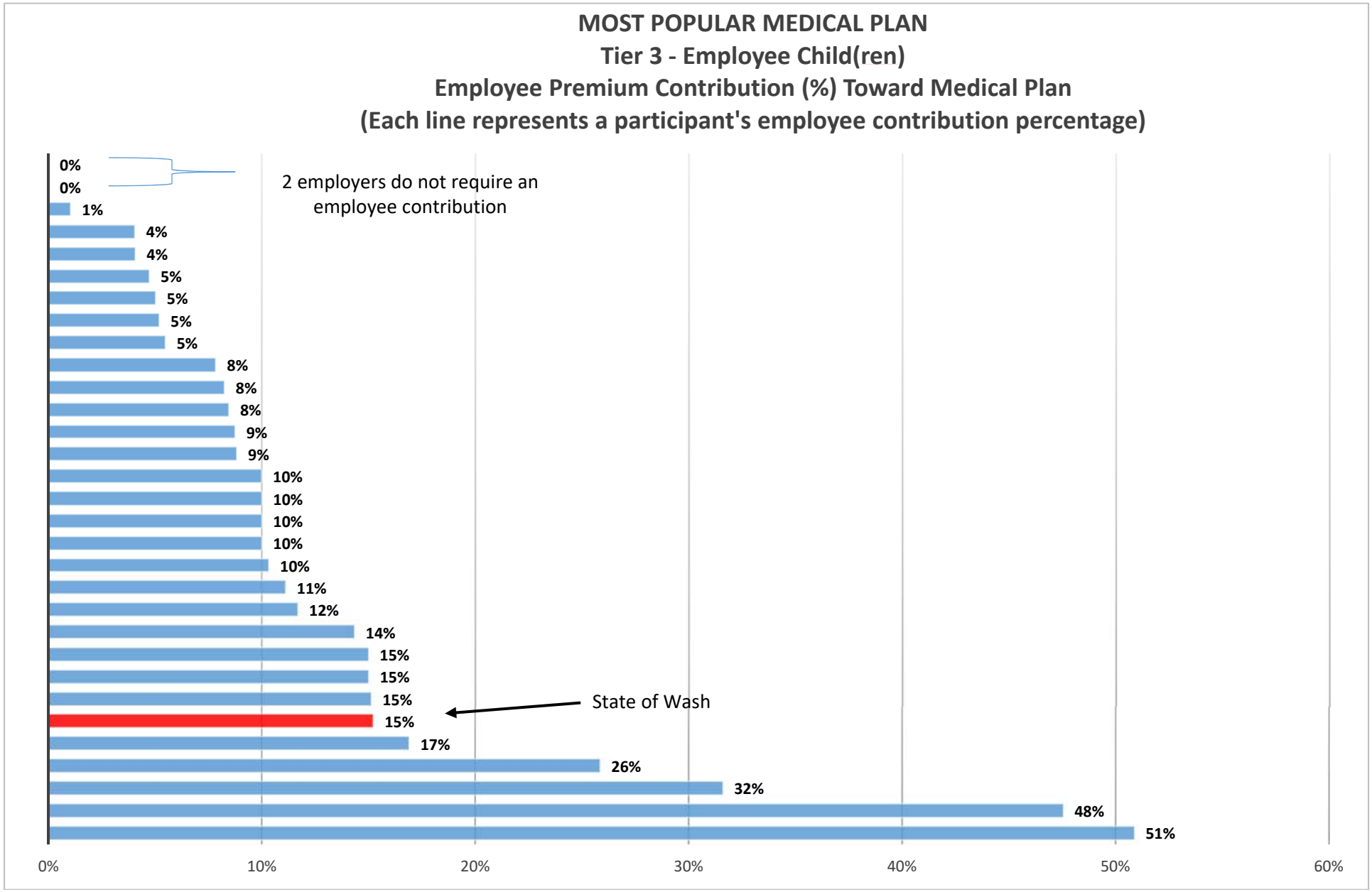
Tier 1 Medical Plan, Monthly Employee Premium Share



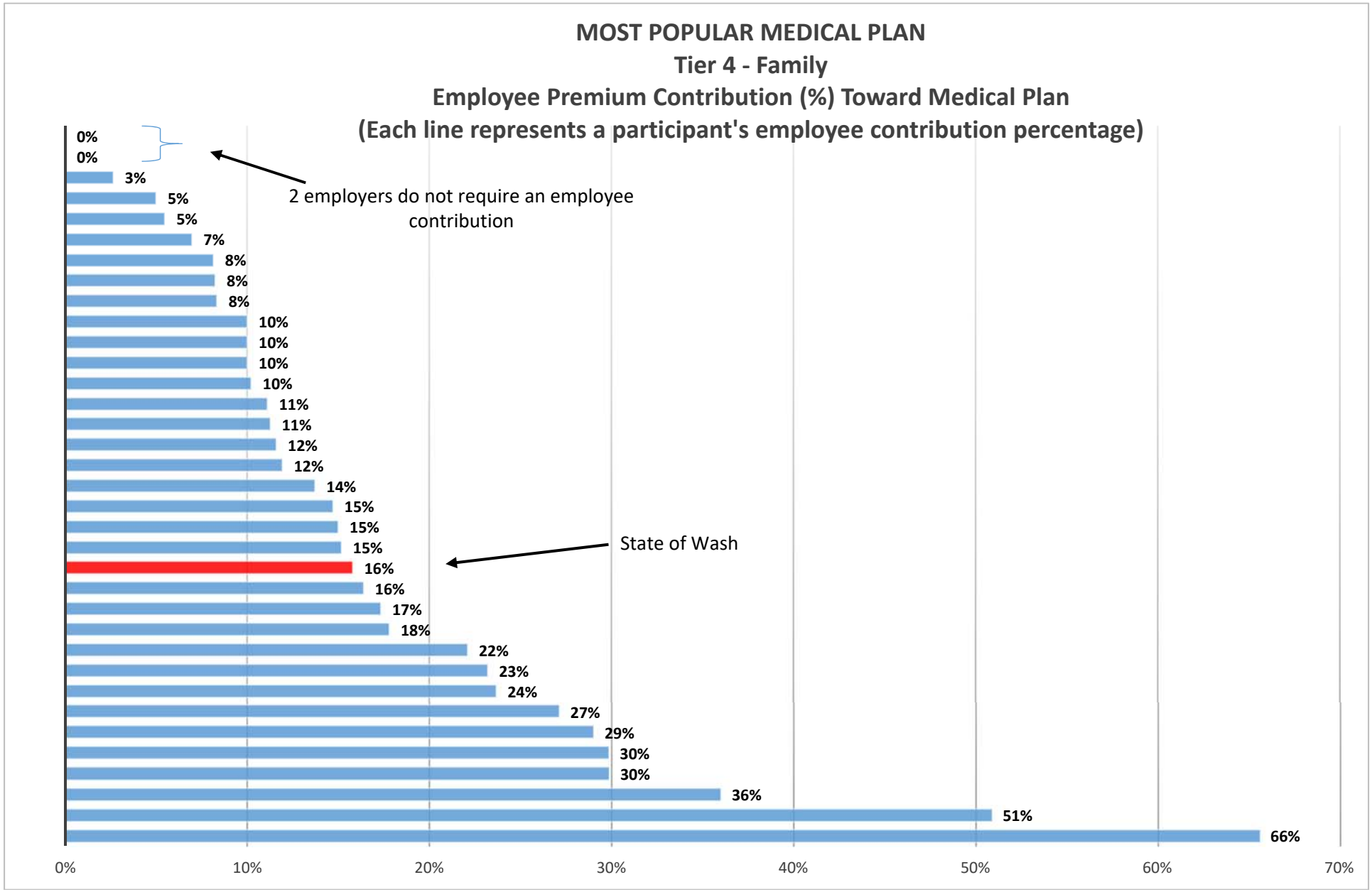
Tier 2 Medical Plan, Monthly Employee Premium Share



Tier 3 Medical Plan, Monthly Employee Premium Share

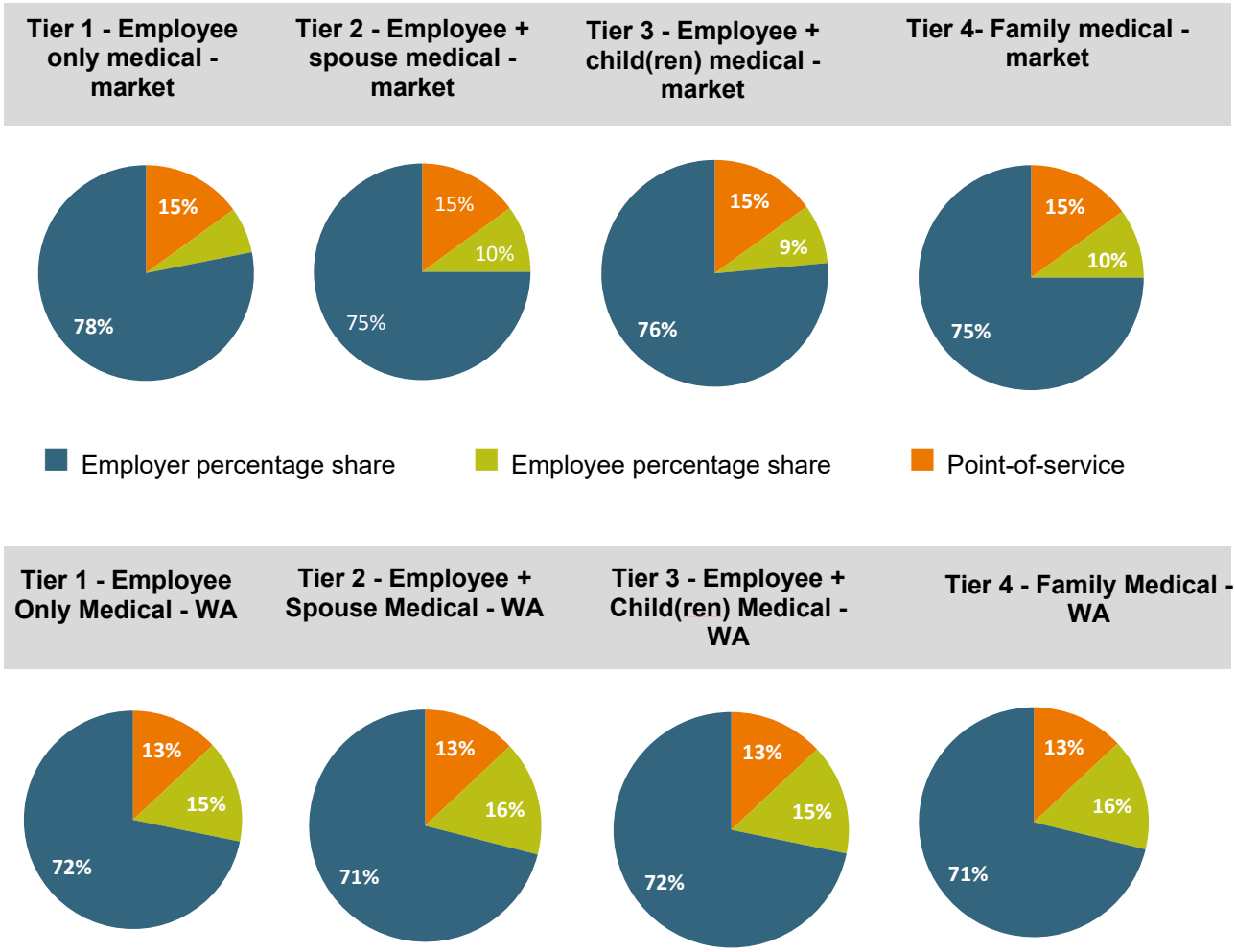


Tier 4 Medical Plan, Monthly Employee Premium Share



- The state offers a competitive point-of-service cost share for all plan tiers.

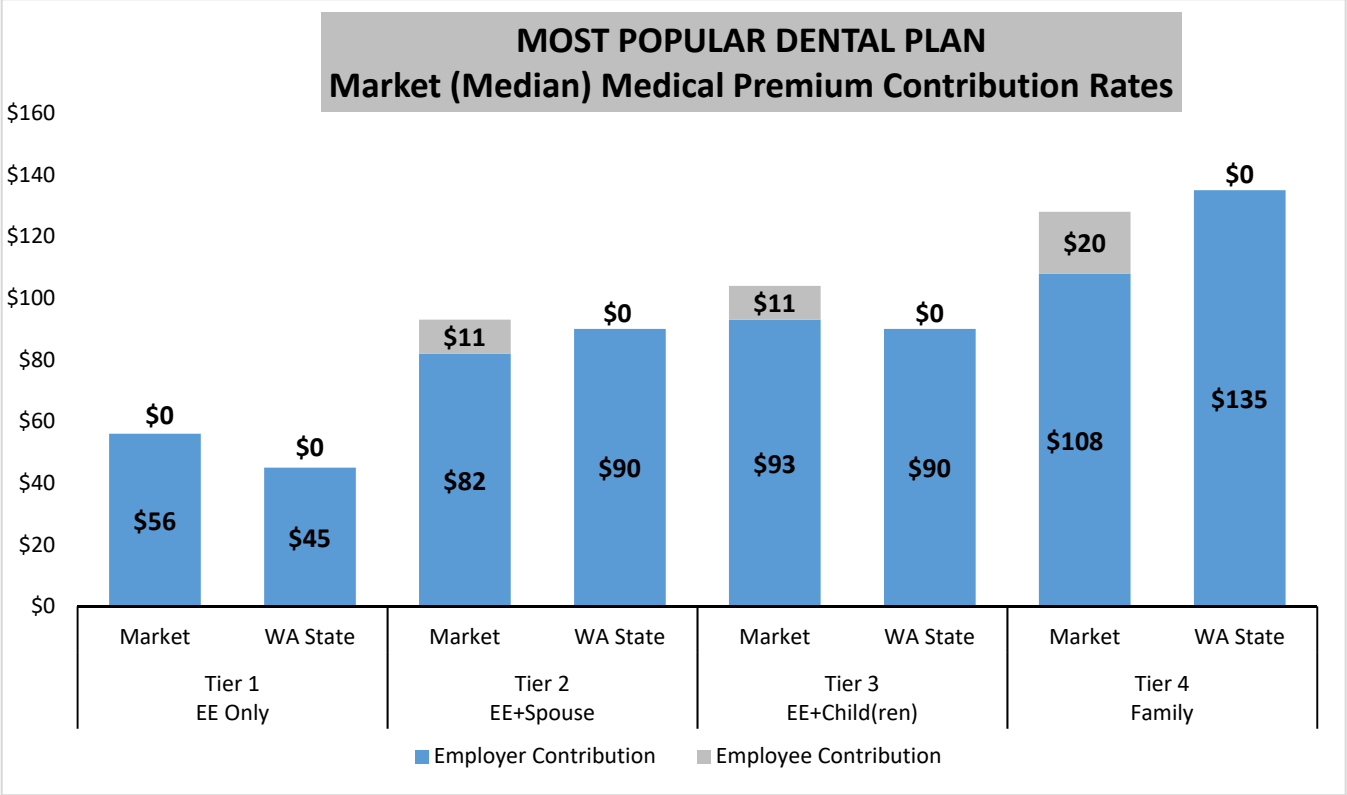
Health Care Plan, Monthly Employer / Employee Cost Shares[5]



[5] The Actuarial Value/Metal Tier designation, as computed with the Federal AV Calculator, represents the estimated percentage of plan liability for essential health benefits within the in-network plan design, based on national assumptions of annual utilization and cost. The AV/Metal Tier percentage does not reflect local or plan specific costs, or benefits that are nonessential or out-of-network.

- The state leads the market for monthly employee premium contributions for dental plans.

Dental Plan, Employer/Employee Monthly Premiums:



- Private sector employers tend to use defined contribution retirement plans over a defined benefit plan.
- Most state employees are covered under the Public Employees' Retirement System 2 plan. Most other public sector employees in Washington who are included in the survey are covered by the same plan.
- The state of Washington also offers a hybrid defined contribution/defined benefit plan in addition to the defined benefit PERS 2 plan. In this plan, the state contributes to the defined benefit and the employee contributes to the defined contribution.

Defined Benefit Retirement Plan, Monthly Employer/Employee Contribution Shares

Market Segment	Plan Type	Employer Contribution*	Employee Contribution
In-state private sector	n/a	no information	6.10%
In-state public sector	PERS 2 Plan	12.7%	7.38%
Other state governments	varies by state	11.11%	6.25%

*The survey questionnaire did not direct respondents to exclude unfunded liability amounts from employer contribution percentage.