



June 2018

2018 State Salary Survey

Presented by OFM State Human Resources
Enterprise Classification, Compensation & HR Analytics

OFM

OFFICE OF FINANCIAL MANAGEMENT

State Human Resources – Survey Responsibilities

RCW 41.06.160

- In preparing classification and salary schedules as set forth in RCW 41.06.150 the department of personnel [State Human Resources] shall give full consideration to prevailing rates in other public employment and in private employment in this state. For this purpose the department shall undertake comprehensive salary and fringe benefit surveys.

RCW 41.06.157 (4)

- The director may undertake salary surveys of positions in other public and private employment to establish market rates.

RCW 41.06.152 (1)(a,b)

- The director shall adopt only those classification revisions, class studies, and salary adjustments under RCW 41.06.157 that ... are due to documented recruitment or retention difficulties, salary compression or inversion, classification plan maintenance, higher level duties and responsibilities, or inequities ...

Survey Process



Survey Terms

Salary range midpoint: salary range minimum + salary range maximum, divided by 2

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

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

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

2018 Survey Changes

Market comparison adjustment: use of median data results

- Minimize impacts of data outliers
- Produce a more stable result for trending

Use of published survey sources to represent the private sector market in Washington

- Address trend of diminished participation from the private sector since 2010
- Provide a more robust data population

Include all states in the continental western states region

- Ensure a stable participant group of other state governments
- Selection method also includes states within one standard deviation of Washington's figure for 3 economic criteria:
 - state population
 - state government employment
 - regional price parity index (geographic differences in the cost of goods and services, unemployment rate, state revenue)

Survey Participation

Invitations sent to 58 public sector employers.

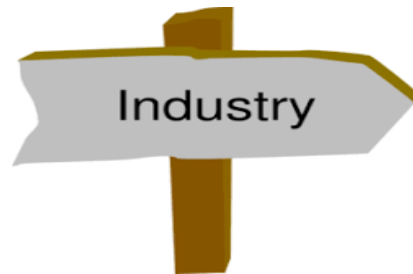
43 employers participated in the survey.

- 27 in-state public sector
 - representation of statewide geographic regions
- 16 other state governments
- 9 employers' data collected from public websites
 - 6 in-state public sector
 - 3 other state governments

In-state private sector published survey sources represented up to 86 employers per data point.

An additional custom survey was conducted to collect benefit data from in-state private sector employers with more than 5,000 employees. However, the survey did not yield results due to lack of participation.

Survey Structure



Market Segments

This survey has 15 industry standard market segments.



Benchmarks

179 classifications are designated as in-state benchmarks and grouped in the aligned market segments.

92 of the benchmarks are sent to other state governments.



Job Classifications

The remaining job classifications are indexed to an aligned benchmark.

Survey Results

Salary Data



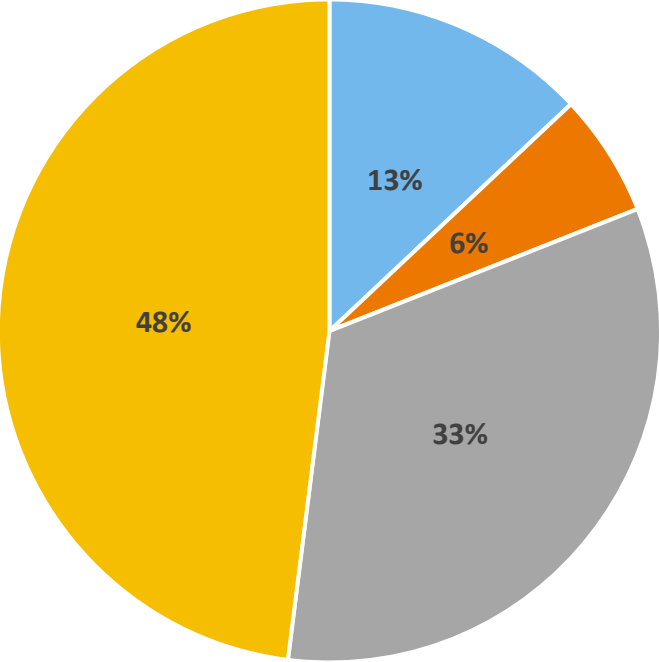
Salary Structure Competitiveness

The state is competitive with the majority of the market in offering a 2% general wage increase for FY 2017.

The state salary ranges are more competitive toward the bottom of each range (Step A to Step M).

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

Salary Range Market Comparison



- At or above market
- 2.5-10% below market
- 10.1-25% below market
- More than 25% below market

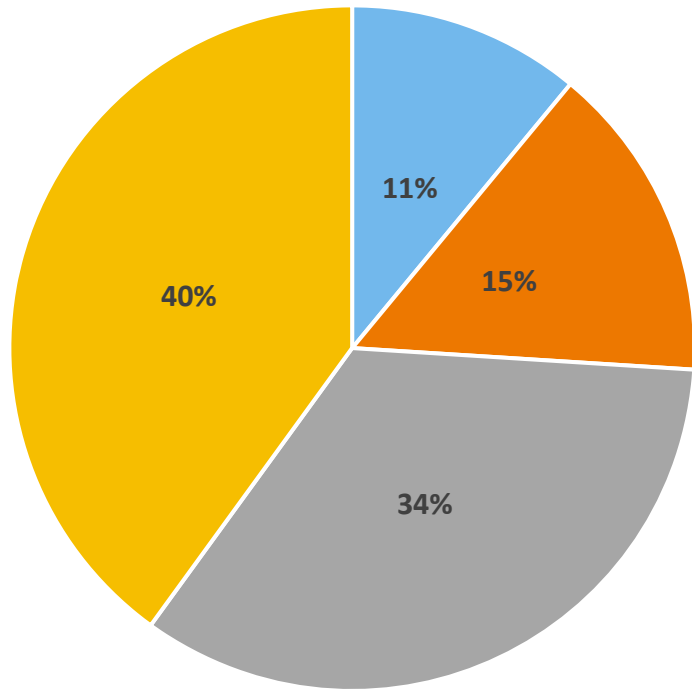
13% of state salary range midpoints are at or above the estimated market value. Example: forensic scientists are paid 1% above the market.

6% of state salary range midpoints are 2.5-10% below the EMV. Example: social service specialists are paid 7% below the market.

33% of state salary range midpoints are 12.5-25% below the EMV. Example: maintenance mechanics are paid 15% below the market.

48% of state salary range midpoints are more than 25% below the EMV. Of those classes, 13% are paid more than 50% below the market. Example: drafting technicians are paid 36% below the market.

Employee Position Market Comparison*



- At or above market = 4,283 employees
- 2.5-10% below market = 6,087 employees
- 10.1-25% below market = 13,638 employees
- More than 25% below market = 16,312 employees

11% of state employee positions are allocated to a salary range with a midpoint that is **at or above the EMV**.

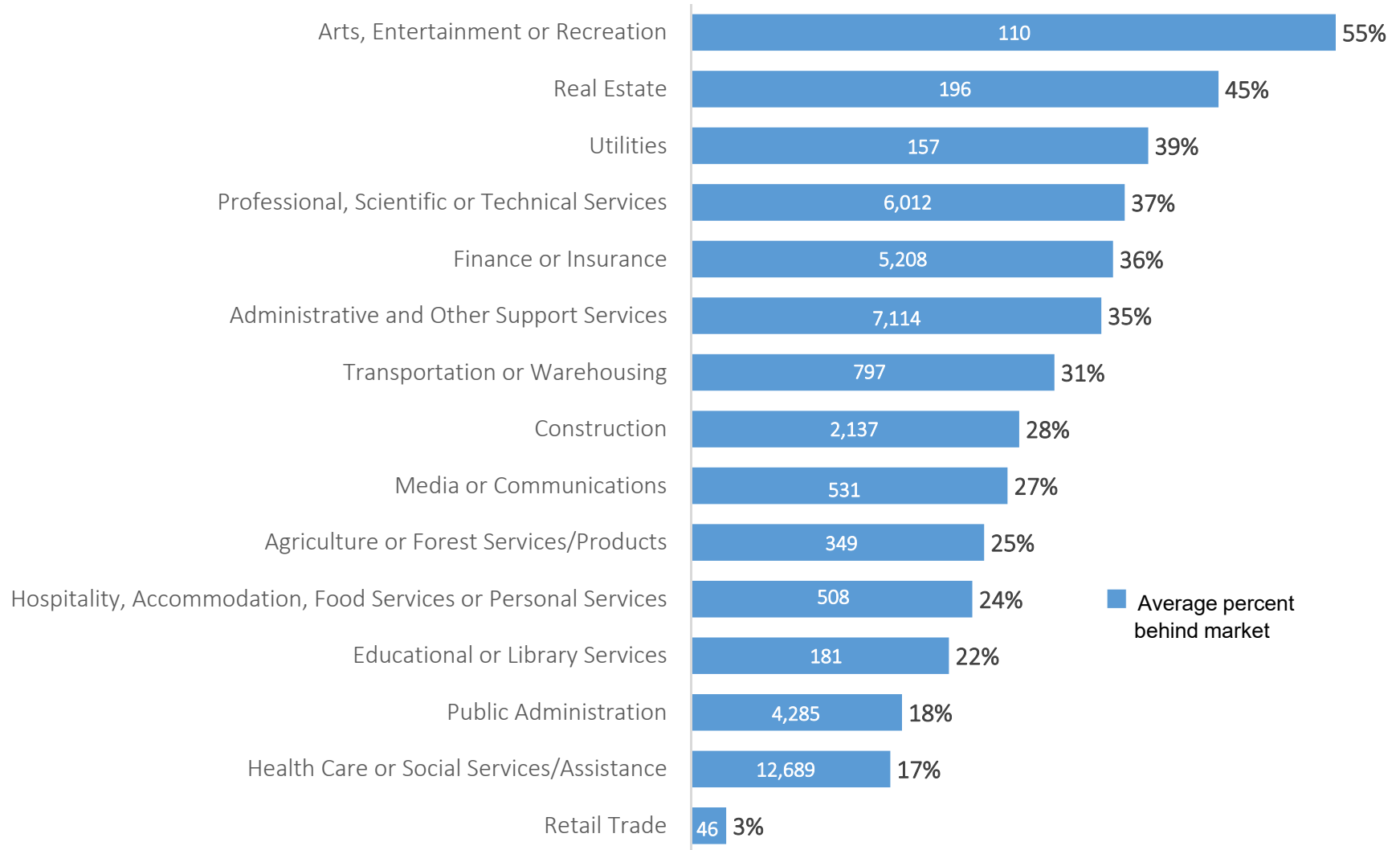
15% of state employee positions are allocated to a salary range with a midpoint that is **2.5-10% below the EMV**.

34% of state employee positions are allocated to a salary range with a midpoint that is **10.1-25% below the EMV**.

40% of state employee positions are allocated to a salary range with a midpoint that is **25% or more below the EMV**.

**Head count percentages do not include higher education institutions.*

Market Segment Comparison To Market*



*Head count totals do not include higher education institutions.

Failed Benchmarks

The survey resulted in finding 5 or more job matches for 94% of the benchmark jobs included in the survey.

Benchmarks that received fewer than 5 total market responses (*in-state private, in-state public, other state governments*) are considered 'failed' benchmarks.

Of the 179 benchmarks, 10 were considered failed. These represent 3% of employees = 1,365*

**Head count does not include higher education institutions.*

Survey Results

Paid Leave Practices

Paid Leave Practices

Years of Service	State of Washington		Market		Market
	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

**Paid Time Off = vacation plus sick leave*

The majority (67%) 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.

Survey Results

Fringe Benefits



Reimbursements and Perquisites

The market offers the following reimbursements and perquisites. The state is competitive and offers all these at various levels, depending on individual agency/higher education institution mission, budget and policies:

Type of Benefit	Market
Flexible schedule	63%
Tuition assistance/reimbursement	51%
Telecommuting	58%
Student loan deferral, repayment or forgiveness	14%
Relocation reimbursement (new hires)	23%
Reimbursement for membership dues to job-related professional associations	51%
Transportation or commuting assistance	37%
Reimbursement for fees associated with certification/licensing attainment or maintenance	56%

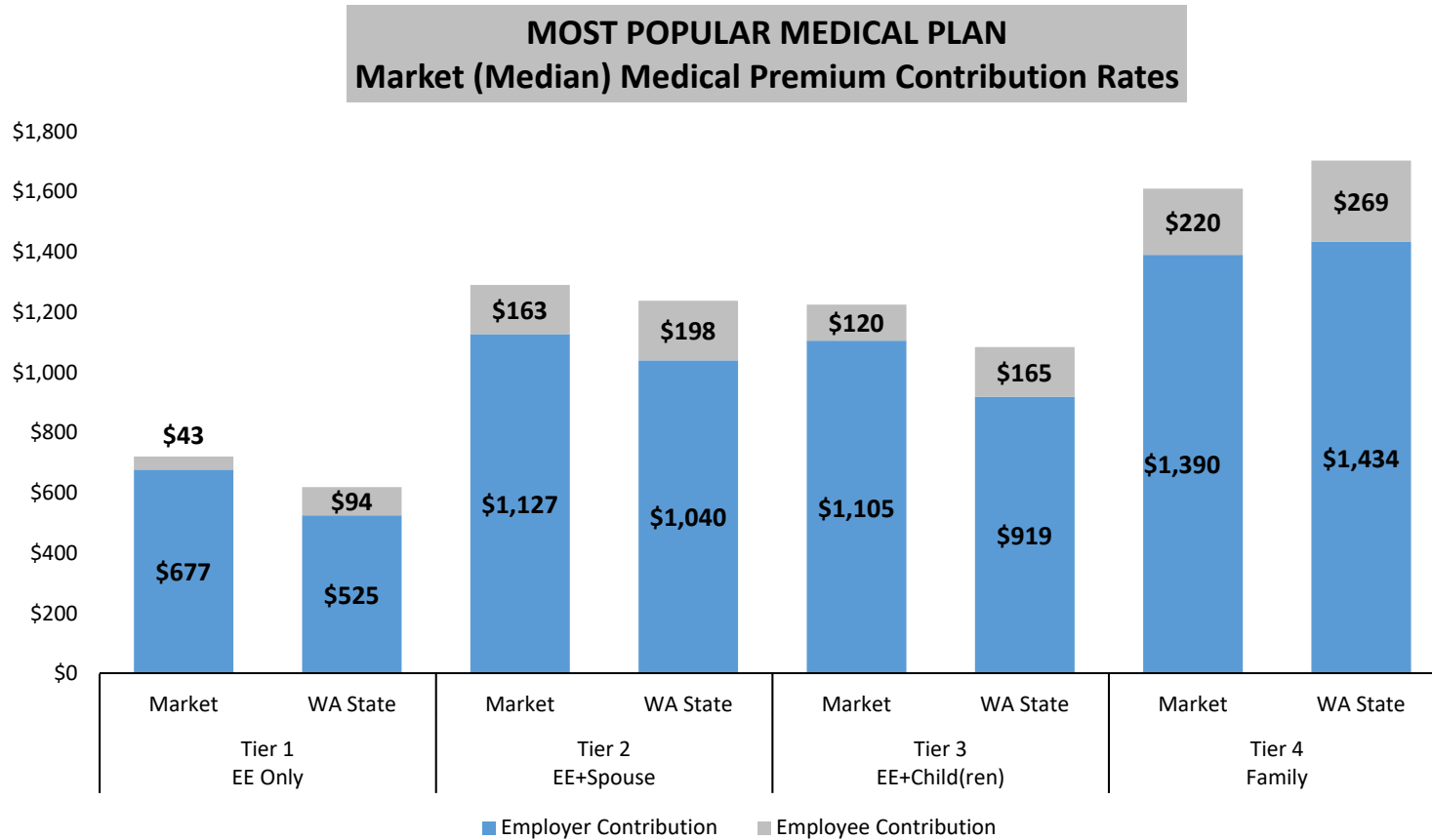
Health Care Plans

While the survey focused primarily on base salaries, employers were also asked to report on compensation pay practices, paid leave, medical and retirement benefit plans and other fringe benefit offerings.

Private sector employers with more than 5,000 employees in Washington declined to participate in the survey.

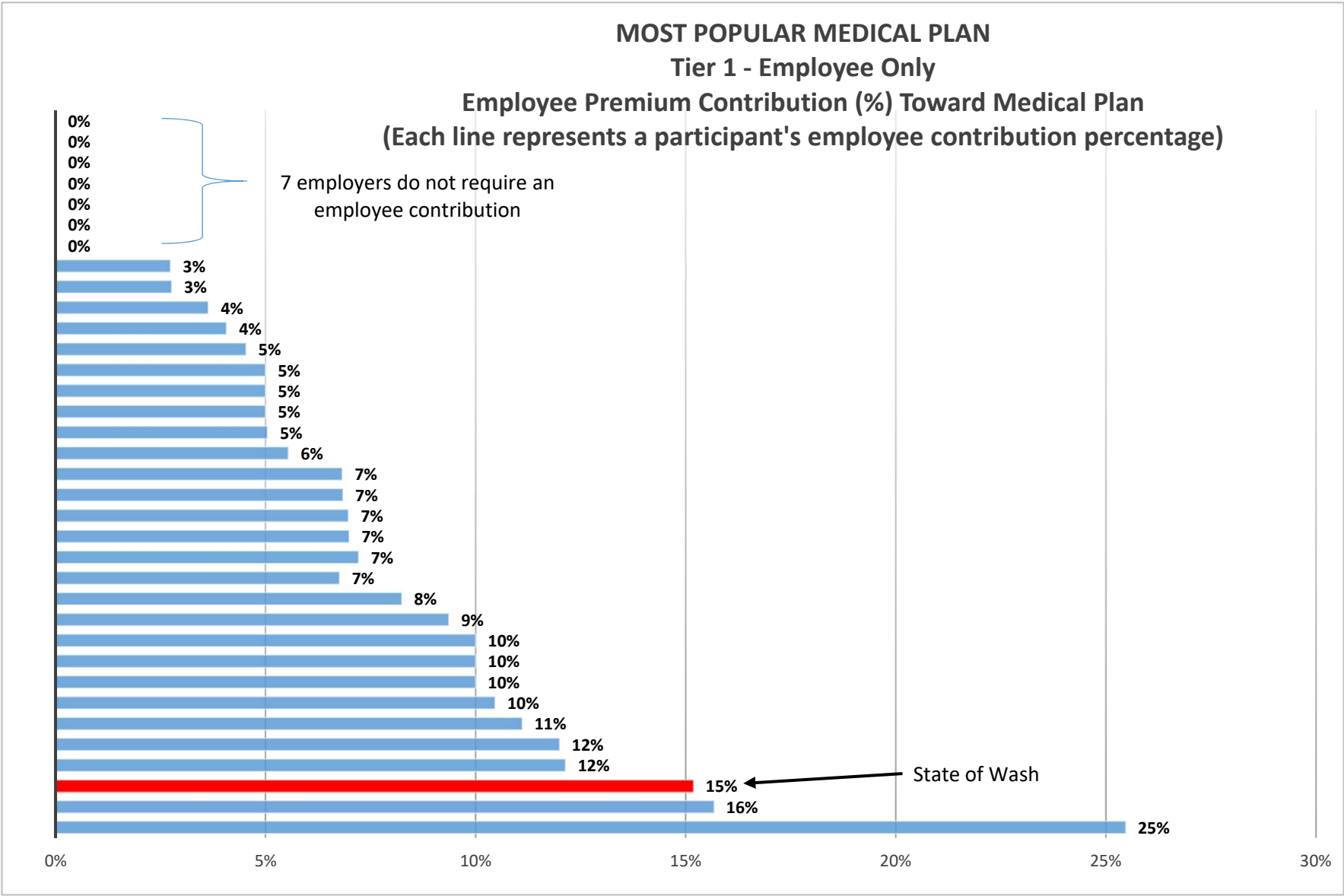
In-state private sector data was derived from 3 published data sources for employers in the state (Gallagher 2017 National Benefits survey, Milliman 2017 Northwest Benefits Survey, U.S. Medical Expenditure Panel Survey 2016).

Medical Plan, Monthly Employer/Employee Premiums

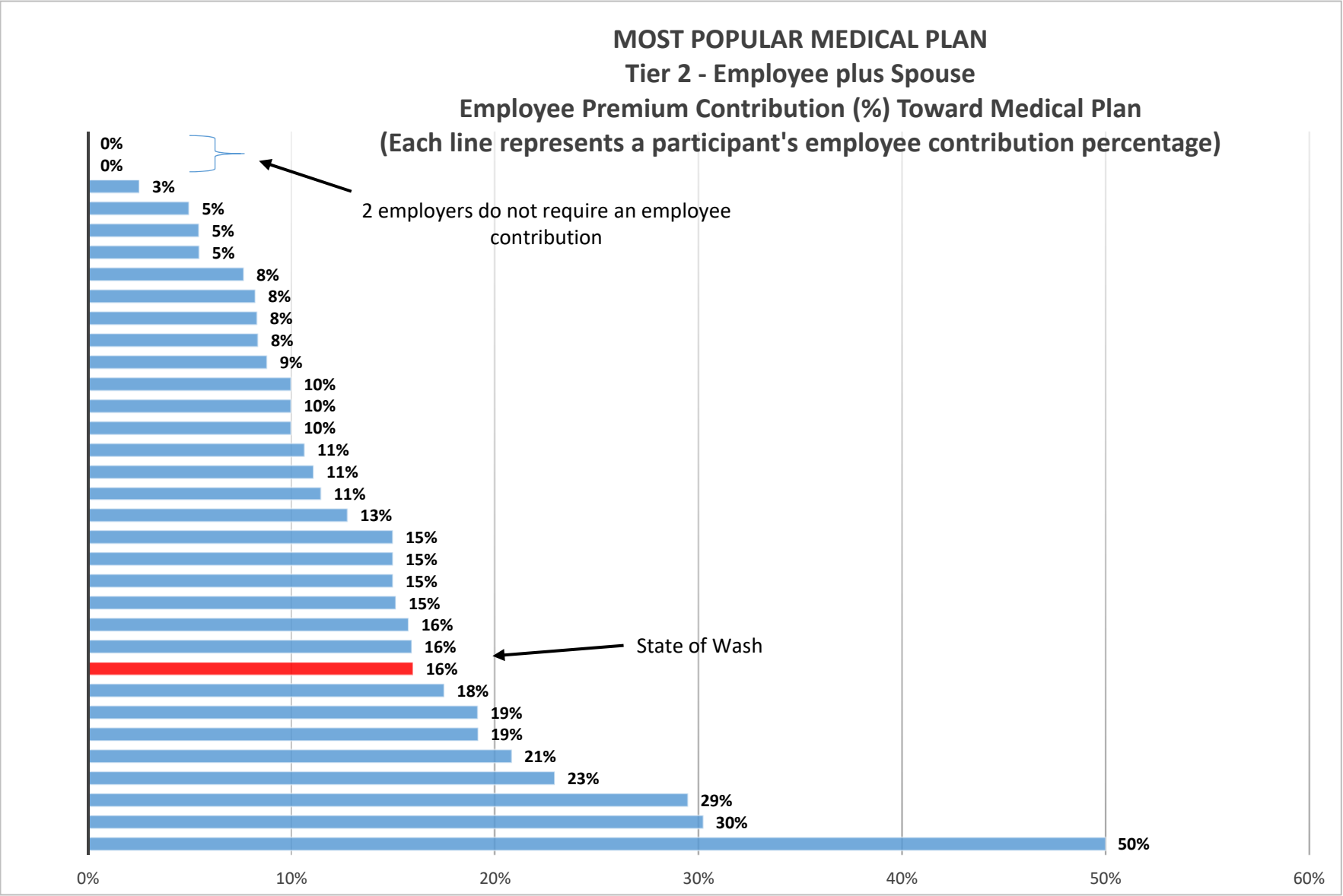


While state employees pay a greater share of the monthly premium than employees in the surveyed market in every tier, employee monthly contributions are more comparable to the market as dependents are added to the plan.

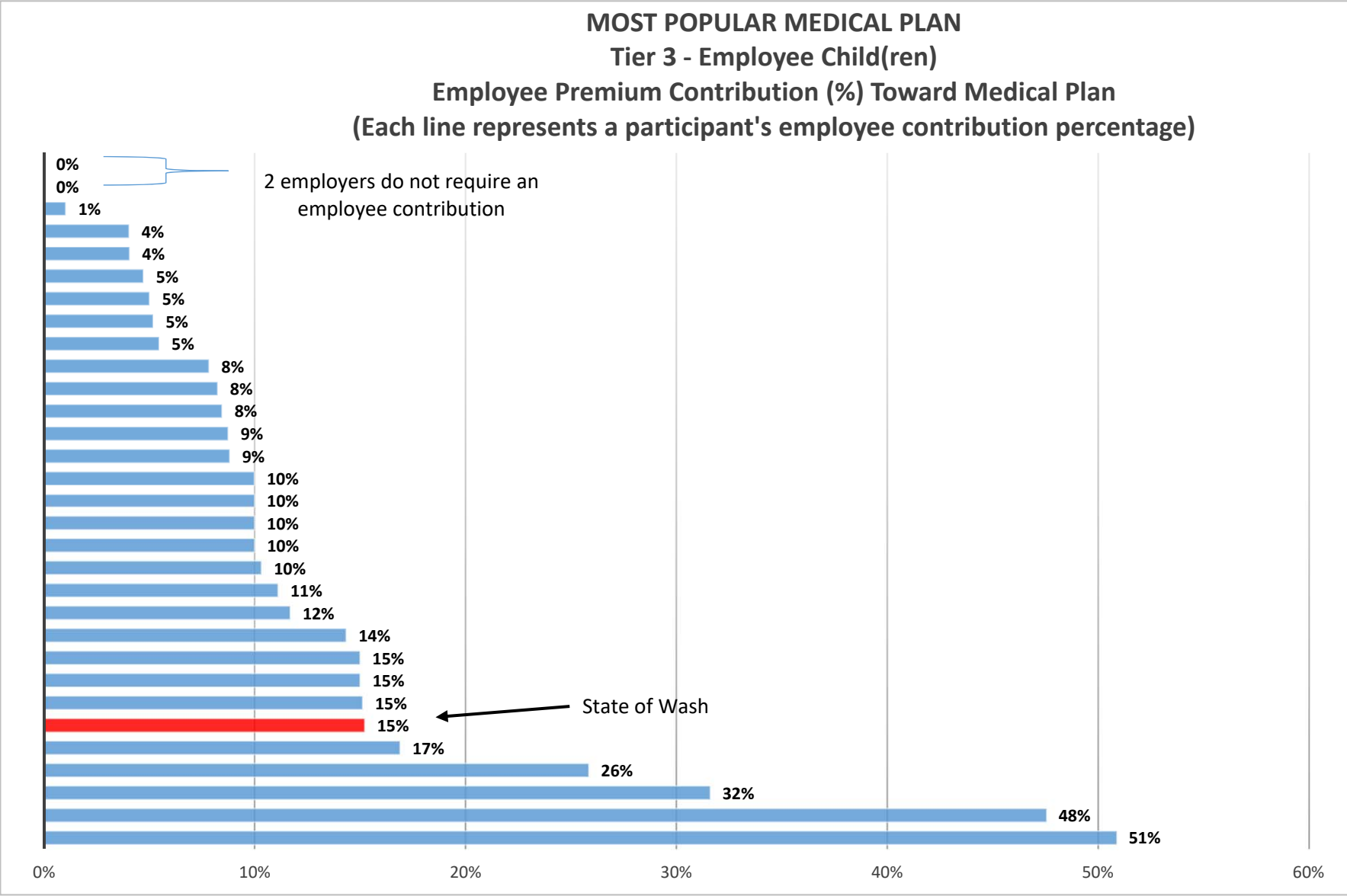
Tier 1 Medical Plan, Monthly Employee Premium Share



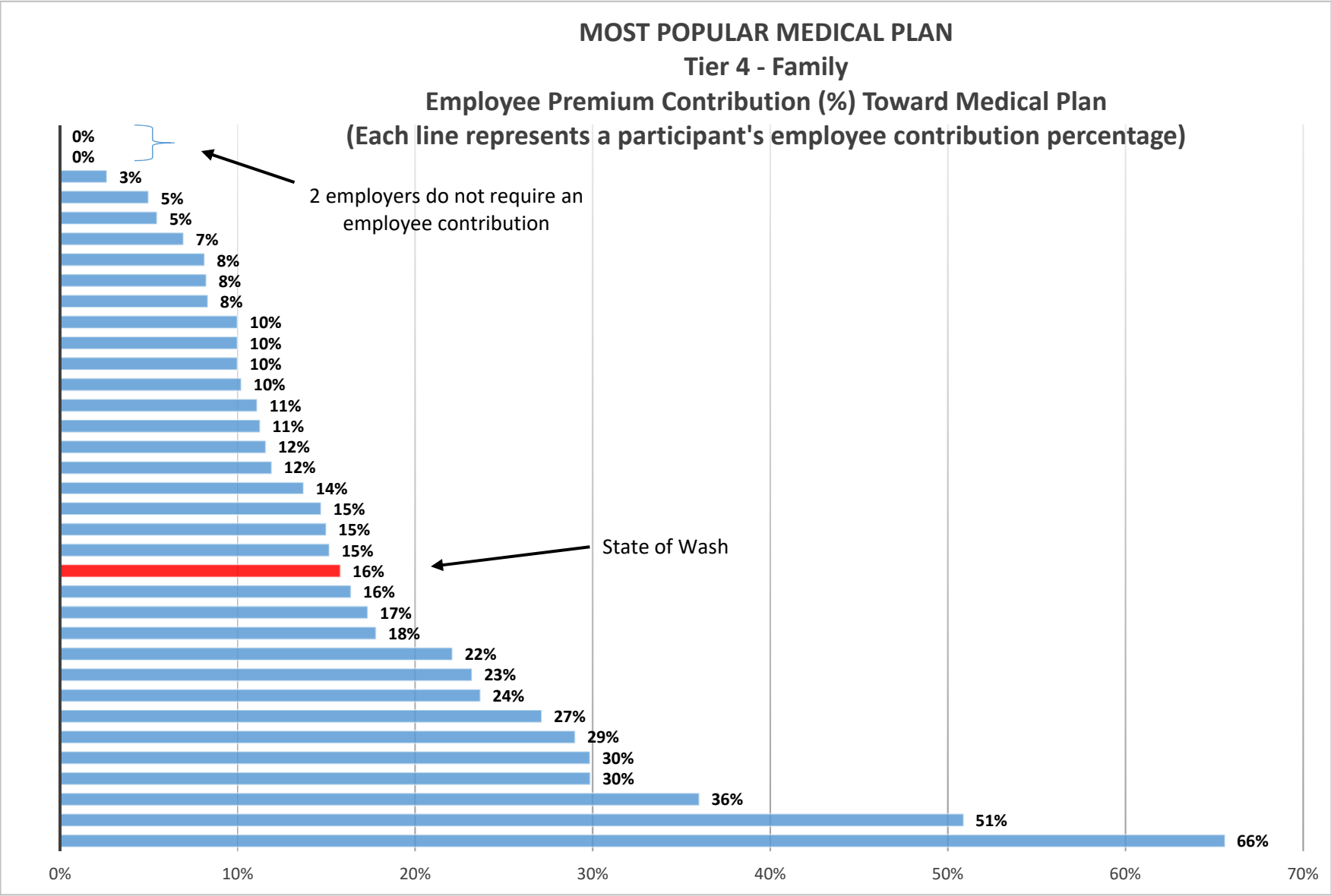
Tier 2 Medical Plan, Monthly Employee Premium Share



Tier 3 Medical Plan, Monthly Employee Premium Share



Tier 4 Medical Plan, Monthly Employee Premium Share



Medical Benefit Plan Ratings

Premium split

The Public Employee Benefit Board currently has an 85/15 medical plan premium cost share: the employer pays 85% and the employee pays 15% of premium costs.

Plan design

Metal tier designations are described in the Affordable Care Act and required for commercial insurance companies to sell their product on the benefit exchanges. The tiers reflect the average amount the insurance company pays for services compared to the amount an employee pays. This is also known as the actuarial value. The tiers are:

Platinum:	90/10	Gold:	80/20
Silver:	70/30	Bronze:	60/40

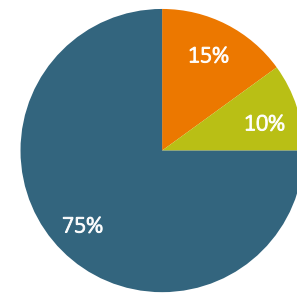
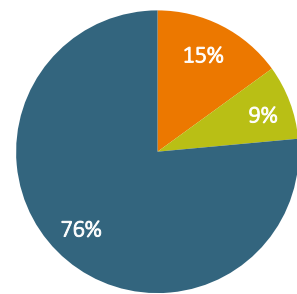
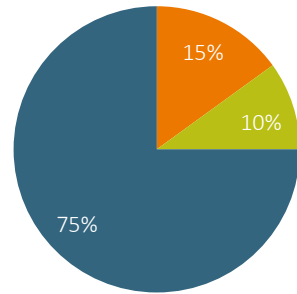
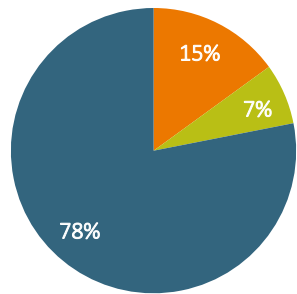
The most popular PEBB medical plans have a metal tier rating between gold and platinum. The PEBB metal tier determination is provided by the Washington Health Care Authority.

The gold tier 80/20 share reflects that, on average, insurance pays 80% of the cost of service and the employee pays 20% of the cost of service when the service is provided within a network. For example, if an employee with a gold plan goes to the doctor and the bill is \$100, the insurance company's estimated cost is \$80 and the employee's estimated cost is \$20.

The metal tier measurement looks at the plan design (at the point of service), including co-pays, deductibles, co-insurance and out-of-pocket maximums along with mandatory covered services. This is different than looking at the premium cost share.

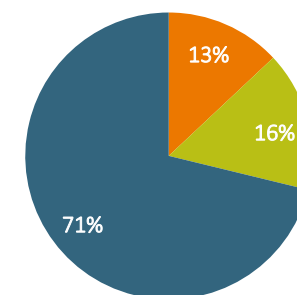
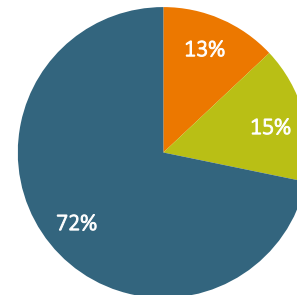
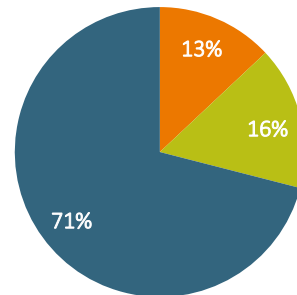
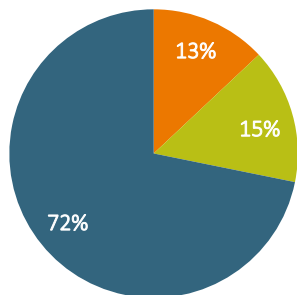
Medical Plan Cost, Monthly Employer/Employee Shares

Tier 1 - Employee only medical - market Tier 2 - Employee + spouse medical - market Tier 3 - Employee + child(ren) medical - market Tier 4- Family medical - market



■ Employer percentage share ■ Employee percentage share ■ Point-of-service

Tier 1 - Employee Only Medical - WA State Tier 2 - Employee + Spouse Medical - WA State Tier 3 - Employee + Child(ren) Medical - WA State Tier 4 - Family Medical WA State

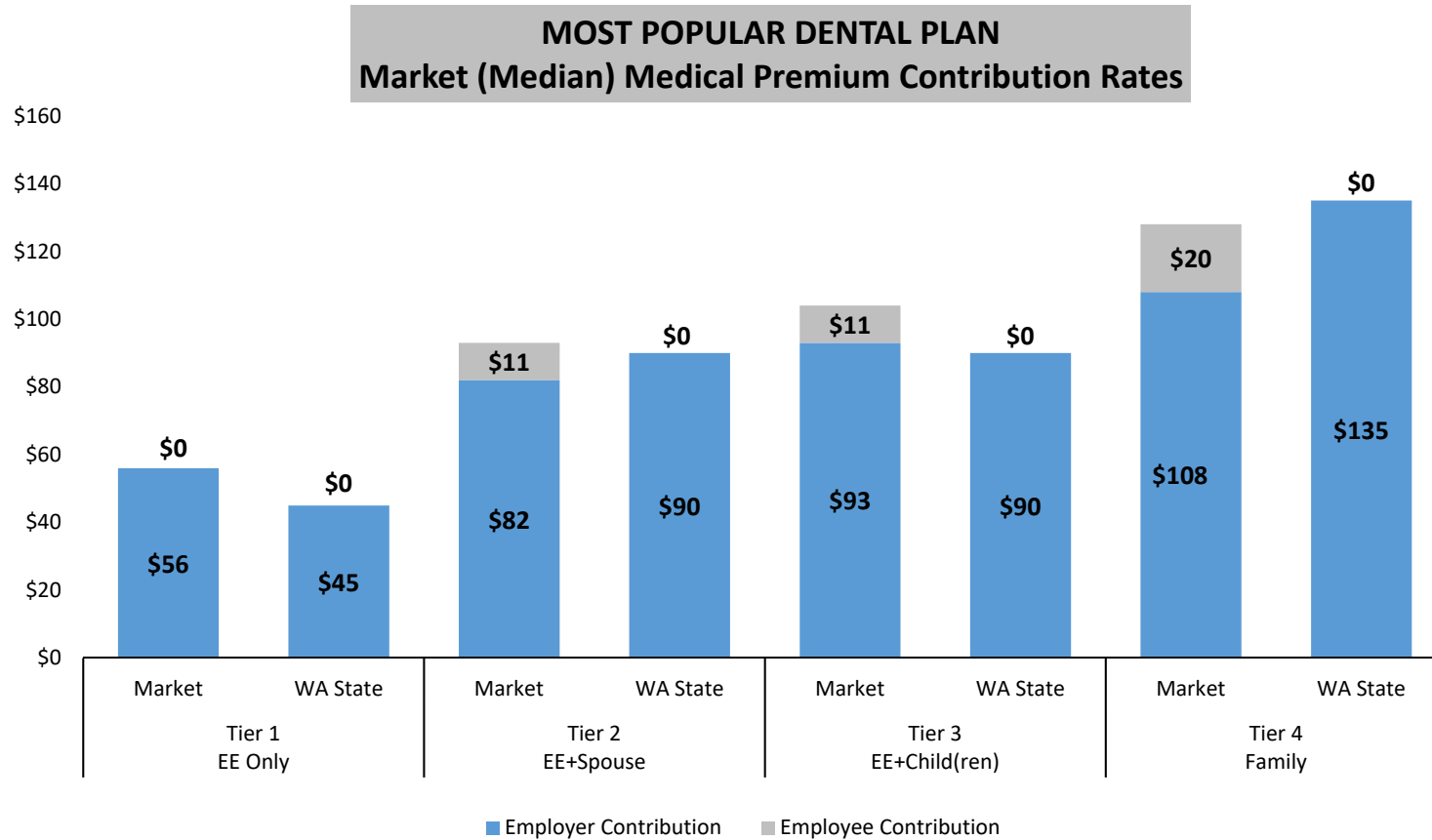


Notes:

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, benefits that are nonessential or out-of-network.

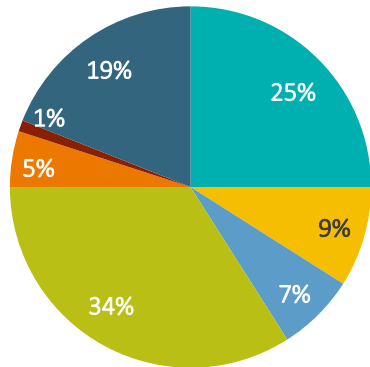
Dental Plan, Monthly Employer/Employee Premiums



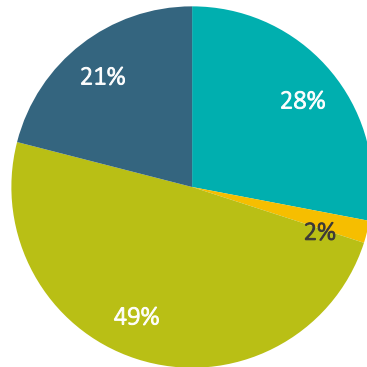
The state leads the market for monthly employee premium contributions for dental plans.

Health/Wellness Activities Offered by Market

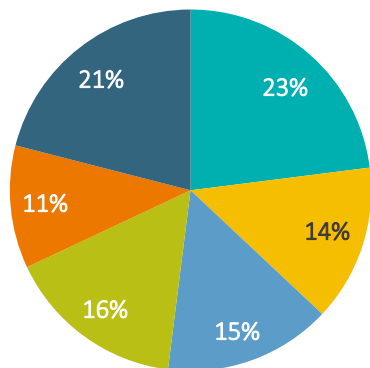
Market



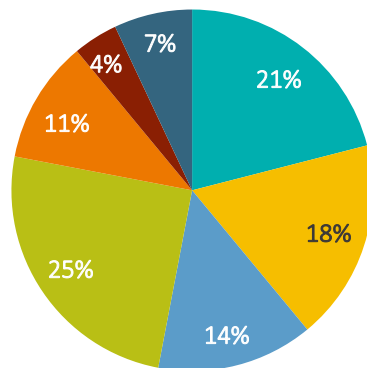
In-state private sector



In-state public sector



Other state governments



- Health and wellness programs through Employee Advisory Program vendor
- Access to group counseling or support
- Webinars or online programs
- Disease management program through medical plan
- Access to books/other materials
- Disease management program through medical plan
- Access to one-on-one counselor or coaching

The state is competitive with the market and offers wellness programs through health care plans and SmartHealth, the Employee Advisory Program and agency-sponsored health and wellness programs.

Retirement Plan, Employer/Employee Contributions

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.

Private sector employers tend to use defined *contribution* plans over a defined *benefit* plan.

Most state and in-state public sector employees are covered under the Public Employees' Retirement System 2 Plan (in the table above).

The state also offers a hybrid defined contribution/defined benefit plan, PERS 3, 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.

2018 Survey Results Wrap-up

The state offers health care plans comparable to other public and private sector offerings.

The state offers dental and retirement plans competitive with other public and private sector offerings.

The state salary range midpoints are more competitive toward the bottom of each range (Step A to Step M).

13% of surveyed state salary range midpoints are at or above the market average; 48% are more than 25% below the market average.

Additional Resources

On the State HR website:

<https://www.ofm.wa.gov/state-human-resources/compensation-job-classes/compensation-administration/state-salary-survey>

- 2018 State Salary Survey Report
- 2018 State Salary Survey Report Crosswalk
- 2018 State Salary Survey Presentation
- 2018 State Salary Survey Executive Summary
- 2018 State Salary Survey Methodologies Overview
- 2018 State Salary Survey FAQs