



COLORADO

Annual COMPENSATION Report

FY 2020-21



COLORADO
Department of Personnel
& Administration

September 16, 2019

Honorable Jared Polis
Governor of Colorado
136 State Capitol Building
Denver, Colorado 80203

Honorable Senator Dominick Moreno
Chair, Joint Budget Committee
Colorado General Assembly
200 East 14th Avenue
Denver, Colorado 80203

Dear Governor Polis and Senator Moreno,

In accordance with C.R.S. §24-50-104(4), the State Personnel Director (Director) is required to submit an Annual Compensation Report (report) regarding the State of Colorado's (State) total compensation package. The purpose of the report is to analyze the competitiveness of the State's salary and benefits, as a whole and separately, against the market.

For FY 2020-21, the State retained Arthur J. Gallagher & Co. (Gallagher) to conduct the annual compensation study. This includes the analysis of survey data from private and public organizations and a custom survey to compare the total and component values and costs of the State's total compensation package.

The State's policy, as required by C.R.S. §24-50-104(1), to provide prevailing total compensation, including pay and group benefit plans, in order to recruit, reward, and retain a qualified workforce. The Director's priorities to accomplish this are as follows:

- I. Establish overall pay, benefits, retirement benefits, incentives, premium pay practices, and leave consistent with prevailing practices in the market;
- II. Move fully competent employees in the workforce toward the market median, representative of the prevailing rate for this level of employee; and
- III. Reward employees in the workforce who are meeting or exceeding performance expectations.

TOTAL COMPENSATION FINDINGS

When the State's total compensation package is valued, the State is 11.5% below the prevailing market. This is considered to be a potential misalignment with the market. Currently, base pay accounts for 78.6% of the State's total compensation package and benefits account for the remaining 21.4%.



Component of Total Compensation	State of Colorado	Prevailing Market	Variance between State and Market
Average Base Salary*	\$66,052	\$69,371	-4.8%
Average Incentive Pay**	n/a	\$2,879	n/a
Medical	\$10,015 (15.2% of base pay)	\$12,099 (17.4% of base pay)	-17.2%
Dental	\$465 (0.7% of base pay)	\$478 (0.7% of base pay)	-2.7%
Vision	(Included in medical)	\$0 (0.0% of base pay)	n/a
Retirement***	\$7,398 (11.2% of base pay)	\$9,781 (14.1% of base pay)	-20.6%
Long Term Disability****	\$0 (0.0% of base pay)	\$208 (0.3% of base pay)	n/a
Life and AD&D Insurance	\$108 (0.2% of base pay)	\$108 (0.2% of base pay)	0.0%
Total	\$84,038	\$94,924	-11.5%

*Average base salary of all benchmark classifications at the State, and prevailing market average base median salary of all benchmark classifications.

**State of Colorado has non-base incentive programs.

*** Retirement variance is the percent difference between the percent of base pay for the State and Prevailing Market - not the percent difference of the dollar values.

****Does not include disability provisions through Public Employees Retirement Association (PERA). Disability is 0% because the State pays for short-term disability with optional long-term disability. Typical practice in the market is to offer long-term disability with optional short-term disability.

TOTAL COMPENSATION ANALYSIS

The Director recognizes the importance of evaluating the overall value of total compensation in order to assess the competitiveness of the State's total compensation package. The value of the State's total compensation package is just outside of a competitive range with the market, according to standard compensation guidelines and maintenance is required to at sustain that variance. Additionally, research into and monitoring of individual job classes that are not competitive is necessary.

The Director will continue to work closely with the Governor's Office of State Planning and Budgeting to develop a recommendation for the appropriate amount of funding for any annual salary and benefit increases for FY 2020-21. The final recommendations will reflect a consideration of the results of the annual compensation survey, fiscal constraints, and the ability to recruit and retain State employees. The recommendation will be submitted for consideration in the Governor's November 1 Budget Request for FY 2020-21.

Respectfully submitted,

Kara Veitch
Executive Director, Colorado Department of Personnel & Administration and
State Personnel Director

cc: Joint Budget Committee Members, Cabinet Members, Higher Education Presidents, Carolyn Kampman, Alfredo Kemm

Kara Veitch
State Personnel Director and Executive Director

Tobin Follenweider
Deputy Executive Director

Ramona Gomoll
Statewide Chief Human Resources Officer



COLORADO

Department of Personnel & Administration

About This Report

The State of Colorado (State) FY 2020-21 Annual Compensation Report includes study findings prepared by Arthur J. Gallagher & Co. (Gallagher) with assistance from the Department of Personnel & Administration (Department), and Division of Human Resources (Division). The purpose of the report is to analyze the competitiveness of the State's salary and benefits, as a whole and separately, against the market. Data from private and public organizations is used to compare the **total and component costs, as well as values of the State's total compensation package.**

Adjustments to the State's salary structure or components of total compensation are subject to approval and funding by the Governor and General Assembly. Following the legislative process, the State Personnel Director (Director) will announce the final adjustments to compensation and benefits for implementation on July 1, 2020.

In order to support the development of this report, the Director contracts with a third-party compensation actuary every other year to perform the total compensation study. This study compares the value and cost of the State's total compensation package and each individual component of the package (e.g. medical and retirement benefits), against similar workforce structures, including private companies and other states. For this year's report, the State retained Gallagher to conduct the FY 2020-21 compensation study. This report includes relevant findings and analysis from Gallagher.

Overall, Gallagher found the State's total compensation package is 11.5 percent below prevailing market total compensation, which is just outside of a competitive range with the market. Individual components of the total compensation package may merit additional consideration. Additionally, individual job classes that are not competitive must be researched and monitored.

Base salary accounts for 78.6% of the State's total compensation package and for FY 2020-21, Gallagher has estimated that the State's average base salary lags the market median by 4.8%. This aggregate estimate places the State's base salary within a highly competitive range with the market. In addition, Gallagher has estimated that base salary compensation for each of the State's Occupational Groups is within a competitive range, though the difference to market between Occupational Groups varies.

Benefits (medical, dental, life, disability, and retirement) account for 21.4% of the State's total compensation package, as compared to 23.9% in the prevailing market. Specifically, medical, dental, life, long-term disability benefits and accidental death and dismemberment insurance account for 12.6% of the State's total compensation. Retirement plans account for 8.8% of the State's total compensation, as compared to 10.3% for the prevailing market. State medical benefits are 17% below market median while dental benefits are 3% below market median value of the prevailing market.

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FY 2020-21 Annual Compensation Report

Introduction

State employees are the cornerstone for ensuring State government is bold, consistent, joyful, and operates with no unforced errors. To ensure the State of Colorado is able to recruit and retain a strong workforce, Colorado Revised Statute (C.R.S.) §24-50-104(4), requires the Director to conduct an annual study that evaluates prevailing total compensation practices, levels and cost.

The State's priorities are to:

- Establish overall pay, benefits, retirement benefits, incentives, premium pay practices, and leave consistent with prevailing practices in the market;
- Move fully competent employees in the workforce towards the market median, representative of the prevailing rate for this level of employee; and
- Reward employees in the workforce who are meeting or exceeding performance expectations.

The Director is required to prepare and submit an annual compensation report with recommendations that reflect adjustments for the upcoming fiscal year that may be required to maintain the salary structure, prevailing State contributions for group benefit plans, base salary adjustments and merit pay. The report must be based on an annual analysis of survey data from private and public organizations to compare the total and component values and costs in the report of the State's total compensation package.

This report is provided for FY 2020-21 compensation structure and adjustments. Similar to the comprehensive studies performed for FY 2018-19 and FY 2019-20, this year's study methodology includes:

- Relevant labor market data - public and private employees, local, state and regional data
- Recent data - data no more than two years old
- Consistent aging and geographical adjustments
- All relevant forms of total compensation for which annual variance is typically measurable
- At least five employer matches for each benchmark class

Philosophy

Prevailing Total Compensation

The State of Colorado's compensation philosophy is defined in C.R.S. 24-50-104 and requires the State to provide **prevailing total compensation** to ensure that the State is able to recruit, reward, and retain a qualified workforce.

Prevailing total compensation reflects the State's commitment to provide total compensation that is competitive with its defined labor market. Specifically, to compensate at a level that falls in the middle of the market, rather than to lead or lag the market. The methodology is applied for all classified jobs with the exception of the State Patrol Trooper class series, as required by C.R.S. §24-50-104(1)(a)(III)(A).

To determine prevailing practices for group benefit plans, the percentage of the premiums shared between the employer and employee and cost-related plan design features such as out-of-pocket deductibles, copays, and coinsurance are measured. Additional measures or indicators of the overall cost of group benefit plans include the market average cost of benefits per employee and market trends in healthcare related cost increases. These indicators help to determine prevailing practices and projections for increases to plan premiums and premium contributions.

Total compensation is a combination of base salary and all employee benefits. This includes both direct and indirect compensation.

- **Direct compensation** refers to an employee's annual base salary. It does not include shift differential, overtime pay, or call-back pay. For the purpose of this report, annual base salary is analyzed using the average of *actual* salaries (not salary ranges, which are analyzed separately from direct compensation).
- **Indirect compensation** refers to compensation that is not paid directly to an employee. Indirect compensation includes medical, dental, disability, life insurance, and accidental death and dismemberment insurance, retirement, as well as additional benefits identified for employees.

Colorado Revised Statute (24-50-104) Job Evaluation and Compensation

(1) Total compensation philosophy. (a) (I) It is the policy of the state to provide prevailing total compensation to officers and employees in the state personnel system to ensure the recruitment, motivation, and retention of a qualified and competent workforce. For purposes of this section, "total compensation" includes, but is not limited to, salary, group benefit plans, retirement benefits, merit pay, incentives, premium pay practices, and leave. For purposes of this section, "group benefit plans" means group benefit coverages as described in section 24-50-603 (9).

Methodology & Data Sources

Labor Market

The survey process requires defining the relevant labor market for collecting and comparing prevailing salary and benefits data, market trends, and salary budget planning information. The State's primary labor market, as mandated by C.R.S. §24-50-104(4)(a), includes both public and private sector employers and jobs including areas outside of the Denver metropolitan area. In addition, data is collected from employers outside of Colorado when insufficient data is available within the state for those benchmark jobs specific to state government. For the FY 2020-21 study, Gallagher defined the primary labor market for which market data was collected using a custom survey and credible published survey sources.

Survey Benchmarks

The annual survey process then requires identifying the core group of jobs within the State's classified personnel system to be used as benchmarks for conducting salary data comparison with other employers in the market. For this study, the majority of benchmark jobs were retained from the prior study year to ensure consistency in market comparison. For FY 2020-21, Gallagher and the State identified 224 benchmark job classes, though data was not available for all identified benchmarks. They were chosen using the following guidelines for benchmark selection including:

- Representation of all job families and levels throughout the organization
- Highly populated jobs
- Jobs found in most organizations
- Jobs with recruitment or retention problems

Data was collected for 217 benchmark jobs, or 32.5% of the State's 668 classified jobs. This number of benchmarks is sufficient to establish a valid representation of the State's jobs in comparison to the market. The 217 benchmarked jobs represent 64% of the classified employee population.

Additionally, Gallagher collected market data for more than 97% of the benchmark jobs, or 217 of 224 benchmarks. The selected benchmark jobs represent anchor points used for making overall State salary comparisons with the market. Benchmarks without market data may represent unique jobs within the State.

Gallagher selected 107 of the 224 benchmark jobs for inclusion in a custom survey. Benchmark selection focused on jobs common across the public sector, private sector and other state organizations.

The overall result is a comprehensive set of benchmark jobs reflecting the job families and levels that exist with the State's classified structure. For the complete list of benchmark jobs, refer to page 1 in the Appendix.

Custom Survey Sources

For the FY 2018-19 annual compensation study, the State determined a set of peer states for collecting and comparing prevailing market salary data and to gather benefits information necessary to calculate the benefits value. For the current FY 2020-21 study, Gallagher reviewed and maintained the set of peer states that are comparable in terms of geographic area, population, budget size, and jobs. Comparable private and public sector organizations within Colorado were also identified. Gallagher administered an independent custom survey that was sent to roughly 133 large public and private employers in Colorado and surrounding states. A total of 30 employers responded to the survey. Additionally, Gallagher relied on published compensation surveys.

Custom Survey Participants

- Adams 12 Five Star Schools
- Boulder Community Health
- City of Arvada
- City of Aurora
- City of Boulder
- City of Colorado Springs
- City of Lakewood
- City of Pueblo
- City of Westminster
- Colorado Springs Utilities
- Coors Tek
- Colorado State University
- Denver Water
- Echostar Corporation
- El Paso County
- Encana Corporation
- Healthgrades Operating Company, Inc
- Newmont Goldcorp
- Pueblo County
- State of Indiana
- State of Kansas
- State of Louisiana
- State of North Dakota
- State of South Dakota
- State of Wisconsin
- Summit County Government
- Tri-State Generation & Transmission Association, Inc.
- United Launch Alliance
- University of Denver
- Zayo Group Holdings

Published Survey Sources

Pursuant to C.R.S. 24-50-104 (4)(a), the annual compensation study is based on an analysis of surveys published by public or private organizations that include a sample of public and private sector employers. The following criteria is used to identify and approve survey sources:

- Surveys are conducted by a reputable salary survey firm
- Survey data is not self-reported
- Surveys are conducted on a continual basis instead of a one-time event
- Survey reports its data sources, the effective date of the data, and was tested to ensure accurate matches and data
- Surveys are less than two years old

Published Surveys Used for Market Salary Comparison

- CompData Benchmark Pro 2018 survey library
- Mercer 2018 survey library
- 2019 Employers Council Colorado Benchmark Compensation survey
- 2019 Employers Council Information Technology Compensation survey
- 2019 Employers Council Public Employers Compensation survey
- National Compensation Association of State Government (NCASG) 2018 survey
- Willis Towers Watson 2018 survey library
- Economic Research Institute (ERI)

The CompData Benchmark Pro, Mercer, Employers Council, Willis Towers Watson, and ERI surveys include both public and private sector employers. The NCASG survey includes only public sector employers. A published survey participation overview is included on page 11 on the Appendix.

Survey data from the NCASG survey was used to gather salary data from states that elected not to participate in the custom survey. Furthermore, survey data from the ERI database was used to supplement salary information in situations where Gallagher did not find suitable job matches from other published survey sources.

Survey Data Collection & Job Matching

Survey data was collected using the following steps:

- Compare benchmark job summaries to comparable job matches from the surveys
- Review State job descriptions and other job documentation to ensure the duties and responsibilities of benchmark jobs, their level of job functioning, and the reporting relationships are understood to make appropriate job matches from published survey sources

In accordance with standard compensation best practices as outlined by *WorldatWork*, Gallagher utilized only those jobs that match at least 80% of the duties, responsibilities, and functions as outlined in the benchmark job summary.

Gallagher follows the Federal Trade Commission and the U.S. Department of Labor guidelines that at least five matches should exist per job in order to draw reliable conclusions. Therefore, statistics (means, medians, etc.) are not calculated on jobs with fewer than five job matches. Custom survey data was not reported for benchmark jobs where there were fewer than five job matches. Because published surveys do not report data without five job matches, using one published survey, where necessary, is sufficient to draw reliable conclusions. Furthermore, Gallagher conducted an outlier analysis by reviewing custom survey participant data and removing anomalies that may have been a result of differing interpretations of jobs and application of job summaries to organization structure and levels.

Often, job matches from published surveys are made up of hundreds to thousands of participating organizations. These organizations are a representative sample across labor markets representing public and private sectors. Participants of the surveys are known by name only. It is not known which organizations matched to each specific benchmark job. However, it is ensured the appropriate data-cut is used for each benchmark job:

- Local (e.g. Denver, Colorado Springs) data cuts for lower level jobs
- Local and public sector data cuts for mid-level jobs
- National and public sector data cuts for senior/management level jobs

Custom survey data was collected using a data collection form distributed to comparable public and private sector organizations. The survey instrument aimed to collect information regarding the pay practices, incentive practices, health benefits, retirement benefits, and salary information for the identified benchmark jobs. A complete list of custom survey participants is provided on page 7 in the Appendix.

Geographical Adjustments & Aging Factors

Because wage and income levels are different across the nation and even within local labor markets, differentials that factor in economic variations are calculated and applied to data collected from employers outside Colorado. Gallagher applied geographic differentials to ensure that data is reflective of the State's labor market and economic conditions. ERI is used to identify the appropriate geographic differences. All data is geographically adjusted to the State of Colorado's labor market.

Additionally, not all survey publications utilize the same effective date for their pay rates. In order for all survey data to have a common effective date, all market salary data was aged to a common effective date of July 1, 2020 using the *WorldatWork* prevailing market trend of 3% per year for actual salaries and 2% per year for salary ranges.

Weighting

In accordance with professional standards, appropriate market data for job matches and data-cuts for each benchmark job was collected by Gallagher. This approach allows the weighting to reflect the level, role, and labor market for each benchmark job, and is not solely focused on the survey used. Weighting market data injects an additional level of subjectivity into the process and Gallagher is unaware of any objective criteria for determining appropriate weighting. Data was reviewed and adjusted to further mitigate the need for additional weighting:

- ERI was used to geographically adjust the market data to reflect the State's labor market
- Data reflects a common effective date of July 1, 2020
- Benchmark summary matches were reviewed and data was shared with the State to ensure the appropriate scope and level were represented

These adjustments are more statistically valid and defensible than weighting individual surveys.

Data Analysis & Acceptable Variance

For each benchmark comparison, the percentage difference is calculated between the State and the market in terms of actual salary:

- Positive (+) figure indicates that State of Colorado pays above the market
- Negative (-) figure indicates that State of Colorado pays below the market

In determining the competitive nature of the current pay structure and the base salaries of State employees, the following industry guidelines are used:

- +/-5% = Highly Competitive
- +/-5 -10% = Competitive
- +/-10 -15% = Possible misalignment with market
- >15% = Misalignment with market

This scale can be utilized for comparing individual benchmark job base salary, overall base salary, and salary structure.

Some of the benchmark jobs that have more than a 15% variance from the market are not necessarily misaligned. Factors such as performance, turnover, and longevity will impact actual salaries and may explain some of the differences between the State and the market actual salaries for individual benchmark jobs. For the purposes of this analysis, jobs are reviewed in accordance with industry guidelines to determine competitiveness with the market. Organizational strategy and compensation philosophy may drive target thresholds for measuring competitiveness with the market.

Benefits Valuation Analysis

Gallagher administered an independent custom survey to gather benefits information necessary to calculate the benefits value. Approximately 44% of these respondents represent employers who responded to the FY 2018-19 survey. In cases where respondents did not provide usable data for all benefit provisions, their responses were used only for those provisions that allowed for meaningful comparison.

Valuation of Retirement Benefits

The State of Colorado provides retirement benefits for employees through the Colorado Public Employees Retirement Association (PERA). Neither the State nor employees contribute to Social Security. Newly hired State employees have the choice between two basic retirement plans: The Colorado PERA Defined Benefit Plan or the Colorado PERA Defined Contribution Plan.

This report considers the changes to the State's retirement benefits as a result of Senate Bill 18-200 (SB 18-200), Modifications to PERA Public Employees' Retirement Association to Eliminate Unfunded Liability.

With the passage of SB 18-200, the following adjustments and assumptions have been made in valuing retirement benefits received by the State's employees:

- Employee contribution rate of 10.5%, considering the 0.5% increase under the Automatic Adjustment Provision
- Annual increase in retirement benefits (COLA) of 1.5%, which is the cap
- The Highest Average Salary calculation increased to five years
- Any legislated change that is being phased-in is considered fully applicable for purposes of this analysis

For retirement benefits, Gallagher relied on both the custom survey and the 2018 National Compensation Association of State Governments (NCASG) Survey. Additionally, some of the survey information was supplemented with publicly available information in cases where survey responses were not entirely clear. In cases where respondents did not provide usable data for all benefit provisions, their responses were used only for those provisions that allowed for meaningful comparison. See page 12 in the Appendix details on the methodology for determining retirement plan values.

-11.5%

compared to market
median

Total Compensation Value

Findings & Analysis

The total compensation package includes base salary, incentives, benefits (medical, dental, disability, and life insurance, etc.) and retirement. These benefits have a cost to the State and provide value to State employees. The following chart outlines the total compensation amounts provided by the State and the market.

Gallagher compared the total compensation provided by the State to the prevailing market using the average base salary for all benchmark classifications.

Component of Total Compensation	State of Colorado	Prevailing Market	Variance between State and Market
Average Base Salary*	\$66,052	\$69,371	-4.8%
Average Incentive Pay**	n/a	\$2,879	n/a
Medical	\$10,015 (15.2% of base pay)	\$12,099 (17.4% of base pay)	-17.2%
Dental	\$465 (0.7% of base pay)	\$478 (0.7% of base pay)	-2.7%
Vision	(Included in medical)	\$0 (0.0% of base pay)	n/a
Retirement***	\$7,398 (11.2% of base pay)	\$9,781 (14.1% of base pay)	-20.6%
Long Term Disability***	\$0 (0.0% of base pay)	\$208 (0.3% of base pay)	n/a
Life and AD&D Insurance	\$108 (0.2% of base pay)	\$108 (0.2% of base pay)	0.0%
Total	\$84,038	\$94,924	-11.5%

*Average base salary of all benchmark classifications at the State, and prevailing market average base median salary of all benchmark classifications.

**State of Colorado has non-base incentive programs.

*** Retirement variance is the percent difference between the percent of base pay for the State and Prevailing Market - not the percent difference of the dollar values.

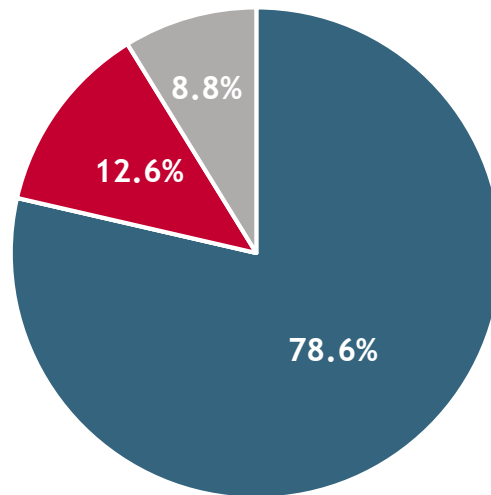
****Does not include disability provisions through PERA. Disability is 0% because the State pays for short-term disability with optional long-term disability. Typical practice in the market is to offer long-term disability with optional short-term disability.

Total Compensation Value

The State is 11.5% below prevailing market levels for total compensation. According to standard compensation guidelines, the State is potentially misaligned with the market total compensation.

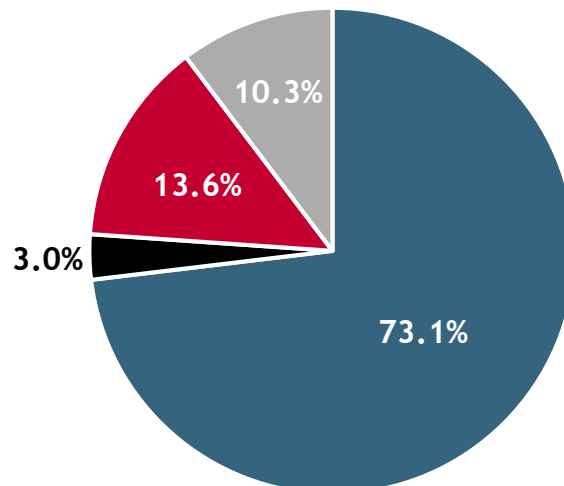
The following charts show the base salary and benefit components that comprise the overall total compensation package for the State and the market.

**State of Colorado
Total Compensation**



■ Base Salary ■ Incentive Pay ■ Benefits (Medical, Dental, Vision, Disability, Life) ■ Retirement

**Market
Total Compensation**



■ Base Salary ■ Incentive Pay ■ Benefits (Medical, Dental, Vision, Disability, Life) ■ Retirement

-4.8%

compared to market
median

Base Salary

Findings & Analysis

Utilizing both custom and published survey sources, Gallagher collected market data for 220 of 224 benchmark jobs. Approximately 27% of the collected published survey market data is comprised of public sector data-cuts exclusively, including data-cuts from the NCASG survey, Public Administration data-cuts from Willis Towers Watson, and Government data-cuts from ERI. The remaining 73% of the data is a mix of public and private sector data-cuts. CompData Benchmark Pro, Mercer, MSEC, and Willis Towers Watson surveys include both public and private sector participants, but due to the professional practice of maintaining participant confidentiality, it is not possible to verify the number of private and public sector participants for geographic data-cuts. In total, approximately 42% of the collected market data represents custom survey data that includes both private and public sector participant organizations.

The following table provides a percentage mix of the public and private sector organization participants in the custom survey.

Overall Custom Survey Participation

Total Number of Custom Survey Participants	% of Public Sector Participants	% of Private Sector Participants
27*	74% (or 20 Orgs)	26% (or 7 Orgs)

*Of the overall participation of 30 organizations, 27 organizations provided salary data.

All salary data (base pay, total cash compensation) was compiled and adjusted for the State of Colorado labor market using the Economic Research Institute's (ERI) Geographic Assessor.

The following chart represents the full market and is an aggregate comparison of all benchmark positions excluding the State Trooper class series, and is not a simple average.

Overall Percentage Difference between State Average Base Salary and Full Market Average Base Salary

Market Base 25 th Percentile	Market Base 50 th Percentile	Market Base Average	Market Base 75 th Percentile
5.8%	-4.8%	-6.6%	-15.3%

Overall, the State's base salaries on average are 4.8% below the 50th percentile, or median, of the full market. This is considered highly competitive (+/- 5%).

For each benchmark comparison, the percentage difference has been calculated between the State's average actual (base) salary and the market median. Of the 217 benchmarked classifications, approximately 71% (or 154) of the State's benchmark classifications are compensated within +/- 15% of the full market median. This is consistent with FY 2018-19 and FY 2019-20 findings, which were 67% and 65% respectively.

Occupational Group Comparison with Market Base Salary

The State's 217 benchmarked classifications represent approximately 32% of the classified job classifications and have been categorized into occupational groups defined by the State. Variations for specific groups are listed below. The chart represents aggregate comparisons of all benchmark positions within occupational groups compared to market benchmark positions and is not a simple average of the benchmark comparisons.

**State Average Base Salary Comparison with
Full Market Average Actual (Base) Salary by Occupational Group**

Occupational Group		% Difference from Full Market Median	Comparison with Market
A	Enforcement and Protective Services	6.1%	within competitive range
C	Healthcare Services	-4.6%	within highly competitive range
D	Labor, Trades and Crafts	-6.4%	within competitive range
G	Administrative Support and Related	-8.1%	within competitive range
H	Professional Services	-6.8%	within competitive range
I	Physical Science and Engineering	2.9%	within highly competitive range
T	Information Technology	-7.8%	within competitive range
State as a Whole		4.8%	within highly competitive range

Overall Base Salary Recommendations

Overall, the State's base pay is highly competitive with the full market median for classified jobs at -4.8%. It is recommended the State review individual benchmark classifications within the occupational groups that are misaligned by a variance greater than +/- 15% with the market to ensure appropriate recruitment and retention strategy.

To remain competitive with the market, the State should ensure base salary adjustments occur in accordance with the market trend projection of 3% (median) for FY 2020-21. This market trend is consistent with the *WorldatWork* salary budget increase projection for FY 2020-21 and data collected from custom participant organizations.

3.3%

average market
incentive

Total Cash & Incentive Pay

Findings & Analysis

Gallagher calculated the overall average market incentive pay as a percent of market base salary for all benchmark jobs. Incentive pay data was collected using the published survey sources. The following chart illustrates the overall average market incentive pay (as a percent of market base salary) at the 25th percentile, 50th percentile, average, and 75th percentile.

Overall Average Market Incentive Pay

Market 25 th Percentile	Market 50 th Percentile	Market Average	Market 75 th Percentile
2.6%	3.3%	3.9%	4.8%

Incentive pay for benchmark jobs vary. Therefore, the following chart illustrates the overall lowest and highest incentive pay (as a percentage of base salary) at market 25th, 50th, average, and 75th percentiles.

Overall Average Market Incentive Pay

Market 25 th Percentile		Market 50 th Percentile		Market Average		Market 75 th Percentile	
Lowest Incentive Pay (%)	Highest Incentive Pay (%)	Lowest Incentive Pay (%)	Highest Incentive Pay (%)	Lowest Incentive Pay (%)	Highest Incentive Pay (%)	Lowest Incentive Pay (%)	Highest Incentive Pay (%)
0.1%	15.7%	0.1%	17.3%	0.1%	19.4%	0.1%	27.5%

The overall market trend indicates that incentive pay is 3.3% of base salary in the market. The variance in the incentive pay percentage is related to the position levels in the organization. For example, management positions would have a higher percentage of incentive pay compared to individual contributor positions. Incentive pay as a percent of base salary for each occupational group was analyzed. The following chart illustrates the market average incentive pay percentage at the 50th percentile, and market average for each occupational group.

Overall Average Market Incentive Pay by Occupational Group

Occupational Group		Market 50 th Percentile	Market Average
A	Enforcement and Protective Services	1.3%	2.1%
C	Healthcare Services	1.8%	1.4%
D	Labor, Trades and Crafts	2.0%	2.1%
G	Administrative Support and Related	2.3%	1.7%
H	Professional Services	3.7%	4.2%
I	Physical Science and Engineering	3.3%	4.2%
T	Information Technology	2.2%	3.5%

Since the occupational groups contain classifications at different levels, and market pay sometimes varies by level, Gallagher identified the highest and the lowest incentive pay within each occupational group. The following chart illustrates the highest and lowest incentive pay percentage for each occupational group at market 50th percentile and market average.

Overall Average Market Incentive Pay by Occupational Group

Occupational Group		Market 50 th Percentile		Market Average	
		Lowest Incentive (%)	Highest Incentive (%)	Lowest Incentive (%)	Highest Incentive (%)
A	Enforcement and Protective Services	0.8%	1.7%	2.0%	2.2%
C	Healthcare Services	0.0%	10.4%	0.0%	10.4%
D	Labor, Trades and Crafts	0.1%	8.6%	0.2%	8.5%
G	Administrative Support and Related	0.2%	9.6%	0.3%	7.8%
H	Professional Services	0.1%	15.8%	0.1%	17.8%
I	Physical Science and Engineering	0.9%	17.3%	0.3%	19.4%
T	Information Technology	0.2%	3.8%	1.2%	5.9%

According to Gallagher, most public sector organizations do not provide short-term incentives or bonuses like the private sector does. However, to be competitive with the overall market, it is critical to review competitiveness with market total cash.

Currently, the State provides two types of incentive programs:

- **The State Employee Cost Savings Program** rewards innovative ideas that result in specific, identifiable cost savings to the State. Under the program, an employee may be eligible to receive 5% of the cost savings, up to \$5,000.
- **The Performance Incentive Program** rewards outstanding employee or team results. The earnings of rewards are measured by pre-defined performance measures or criteria and are non-base building cash awards such as non-base building sales incentives or other components for certain classes. Most private sector organizations may calculate the performance incentive payout as a percentage of base salary.

The custom survey indicates 44% of respondents offer an incentive pay program, with the majority being private sector entities offering individual bonuses based on performance. Public sector participant organizations that use incentive pay reported the use is limited to a small portion of the population, such as healthcare employees or up to a certain percentage of the employee population.

The State currently provides non-base or non-cash incentives to employees.

Total Cash & Incentive Pay Recommendations

The State's current incentive pay programs are representative of best practices in public sector compensation, and there is a growing use of similar approaches.

Because the State does not have a formal incentive plan with fixed percentages, it is difficult, and potentially misleading, to compare a calculated total cash with the market total cash compensation. However, the State does need to recognize the 3.3% average market incentive present outside the public sector.

It is recommended the State review the relationship between the State's base pay and market total cash in comparison with other total compensation vehicles such as benefits and retirement to ensure competitiveness with the overall market total compensation package.

Premium Pay

Findings & Analysis

Shift Differentials

Among custom survey participants, 74% of respondents indicate a shift differential policy. Within those organizations, 94% of non-exempt employees (eligible for overtime) and 33% of exempt employees (ineligible for overtime) are eligible for shift differential. In addition, 83% of organizations that provide shift differentials to both designated positions provide the same shift differential rate.

Among the custom survey participants, 83% of organizations that provide shift differentials to both exempt and non-exempt employees provide the same shift differential amounts for both employee groups.

Shift differential amounts among custom survey respondents for 2nd shift ranged from \$0.40 to \$2.25 per hour (i.e. a calculated percentage of 1.2% to 6.7% of median market base pay). The 3rd shift amounts ranged from \$0.50 to \$5.00 per hour (i.e. a calculated percentage of 1.5% to 15.0% of median market base pay).

2 nd Shift Differential				
	25th Percentile	50th Percentile	Average	75th Percentile
Flat Dollar Amount	\$0.40	\$0.50	\$0.86	\$1.05
Percent of Base Salary	7.5%	7.5%	7.4%	7.5%

3 rd Shift Differential				
	25th Percentile	50th Percentile	Average	75th Percentile
Flat Dollar Amount	\$0.80	\$1.30	\$1.54	\$1.50
Percent of Base Salary	6.0%	14.0%	12.3%	17.0%

The State provides 2nd and 3rd differentials as a percent of salary for eligible non-healthcare and healthcare classes. The following table reflects the premium pay rates for shift differential and on-call for these classes.

	Shift	Week Day	Weekend/Holiday
Non-Healthcare Services Classes (class codes not beginning with "C")	1 st	N/A	N/A
	2 nd	7.5%	7.5%
	3 rd	10%	10%
Percent of Base Salary Healthcare Services Classes (class codes beginning with "C")	1 st	N/A	7.5%
	2 nd	7.5%	14%
	3 rd	14%	20%

Participants were asked to provide start and end times for 2nd and 3rd shifts. The State's 2nd and 3rd shift start and end times align with the custom survey responses. The aggregate summaries were combined based on referenced shift hours as follows:

Evening Shift (2 nd Shift)		Night Shift (3 rd Shift)	
Shift Start Time: (Mode)	4:00:00 PM	Shift Start Time: (Mode)	11:00:00 PM
Shift End Time: (Mode)	11:00:00 PM	Shift End Time: (Mode)	6:00:00 AM

On-call Pay

The median on-call pay amount reported was \$2.00 per hour. 73% of organizations indicated that departments designate eligible classifications for on-call pay.

The State provides \$2.00 per hour for on-call pay which is consistent with the custom survey responses.

On-Call Pay				
	25 th Percentile	50 th Percentile	Average	75 th Percentile
Flat Dollar Amount	\$1.75	\$2.00	\$1.96	\$2.13
Percent of Base Salary	***	***	***	***

Other forms of premium pay categories provided by custom survey participants include hazardous duty pay, assignment pay, bilingual pay, and holiday premium pay.

Premium Pay Recommendations

Overall, the State is consistent with 74% of custom survey respondents by providing shift differentials for 2nd and/or 3rd shift. Additionally, the State is consistent with the market in providing on-call pay for eligible classifications.

3.0%

projected base
salary increase

Market Salary Increase Projections

Findings & Analysis

Proposed Increases to Base Salaries

According to *WorldatWork* the salary budget increase projection for FY 2020-21 in the market is 3% (median). This market trend is consistent with the data collected from custom participant organizations.

FY 2020-21 Salary Increase Projections in the Market

Survey Source	FY 2020-21 Base Salary Projections
<i>WorldatWork</i> FY 2019-20 Salary Budget Survey	3.0% (median)
Custom Survey	3.0% (median)

Best Practice Methods of Delivering Pay to Employees

Primary Type of Pay Increase	Market Practice*
Merit increase based on individual performance	69%
Step progression based on length of service	11%
Cost of Living Adjustment (COLA)	17%
Across-the-board general increase (not cost of living)	33%

*Note: percentages do not add up to 100%, as many organizations use more than one practice.

Delivering performance based pay meets the Director's goal of rewarding State employees who are meeting or exceeding performance expectations. Market data collected by the custom survey indicates the primary method of delivering pay increases among respondent organizations is based on individual performance (merit increases). This is without regard to where employees are in range with the median years to reach range maximum, ranging from 11-15 years across employee groups. However, merit is only one tool available to the State for providing salary adjustments.

Pursuant to C.R.S. 24-50-104(1)(c), the Director established a merit pay system for employees in the State Personnel System for the purpose of providing salary increases based on individual employee performance evaluations and salary placement within the appropriate salary range. Awards of merit pay increases are based upon priority groups and are defined in a matrix.

Priority groups are determined by an employee's location within the pay range and performance based on the following three performance levels: Exceptional (level 3), Successful (level 2) and Below Expectations (level 1). According to the *WorldatWork FY 2019-20 Salary Budget Survey* organizations estimated an averaged 3% merit increases for mid-level performers and 4% for top performers in 2019.

Projected Pay Increases

According to the *WorldatWork FY 2019-20 Salary Budget Survey* the projected merit increase percentage for FY 2020-21 is 3% (median), while COLA is projected at 2.5% (median). The custom survey participant organizations reported a 3% (median) projected increase for Merit and a 3% (median) general across-the-board increase (not cost of living). Organizations utilize annual salary increase budgets based on merit or cost of living to ensure they are competitive with the market, recognize inflation, reward individual performance, and ensure employee retention.

Projected FY 2019-20 Base Pay Increase Amounts (Custom Survey Respondents)

Primary Type of Pay Increase	Market Projected Pay Increase Average*
Merit increase based on individual performance	2.8%
Step progression based on length of service	***
COLA	***
Across-the-board general increase (not cost of living)	3.4%

***Indicates insufficient data for confidential reporting

Base Salary Recommendations

The State should consider providing merit, COLA, or other salary adjustments of 3% in accordance with compensation philosophy and strategy. In addition to base salary adjustments, the State should separately increase the classified salary structure by the projected market trend factor provided by *WorldatWork*.

-2.5%

compared to market
range midpoint

Market Salary Structure Comparison

Findings & Analysis

Gallagher compared the State's overall classified salary structure for all 217 benchmarked jobs, excluding the State Trooper classification series, with the overall full market pay grade average at range minimum, midpoint, and maximum. The State is highly competitive with the full market average range minimum, midpoint, and maximum and remains consistent with the FY 2018-19 findings of 1.1% variance from the market average range midpoint. The overall salary structure for classified positions is highly competitive with the market.

Overall Percentage Difference from Full Market Average Salary Structure

Market Average Range Minimum	Market Average Range Midpoint	Market Average Range Maximum
3.4%	-2.5%	-1.7%

Next, Gallagher compared the overall range spread of the State's FY 2019-20 salary structure with the average full market range spread for all benchmark classifications. The average market range spread is wider than the average State range spread. This is consistent with the FY 2018-19 findings. Such variation can be attributed to different organizational compensation philosophies that determine the width of the ranges.

Full Market Average Range Spread

State Range Spread	Market Range Spread
48%	56%

Proposed Increases to Salary Structure

According to the *WorldatWork FY 2019-20 Salary Budget Survey*, the projected salary structure increase for the market is 2% for FY 2020-21. These findings are consistent with the State and *WorldatWork* market trend salary structure percentage adjustment of 2% for FY 2019-20.

Occupational Group Comparison with Market Salary Structure

The following table compares salary structures of the State's occupational groups to the market ranges for benchmark jobs. Variations for the specific occupation groups are listed on the following page.

Salary Structure Market Comparison

Occupational Group		% Difference from Market Average Range Midpoint	Current Occupational Group Range Spread	Market Range Spread	Comparison with Market
A	Enforcement and Protective Services	6.2%	52%	61%	within competitive range
C	Healthcare Services	-6.7%	47%	57%	within competitive range
D	Labor, Trades and Crafts	-2.8%	42%	53%	within highly competitive range
G	Administrative Support and Related	-6.5%	42%	49%	within competitive range
H	Professional Services	-5.0%	48%	61%	within highly competitive range
I	Physical Science and Engineering	1.8%	49%	62%	within highly competitive range
T	Information Technology	1.0%	74%	64%	within highly competitive range

The following table represents how far average State salaries (by occupational group) move through the salary ranges.

State of Colorado Average Range Progression

Occupational Group	Average Range Progression (Percentage in Range)
Administrative Support and Related	37.3%
Enforcement and Protective Services	36.4%
Health Care Services	36.8%
Information Technology Services	34.4%
Labor, Trades, and Crafts	30.7%
Physical Science and Engineering	36.3%
Professional Services	33.9%

Salary Structure Recommendations

The State is currently highly competitive with the full market salary structure at 2.5% below the full market average range midpoint. It is recommended the State consider the following practices to remain competitive.

- Adjust the salary structure for FY 2020-21 by utilizing the projected *WorldatWork* market trend factor of 2% to ensure the structure continues to remain highly competitive. The salary structure percentage adjustment is separate from the salary budget increases.
- It is recommended the State consider two separate adjustments, including a salary base increase and salary structure increase. The salary structure percentage ensures the structure is moving in alignment with the market.
- Ensure that all employees below the adjusted structure minimum for FY 2020-21 are brought to the range minimum to be competitive with the market and reduce compression issues.
- Review individual job classifications within occupational groups where there is significant misalignment with the market in terms of the range minimum, midpoint, maximum, and range spreads for both appropriate internal alignment and validation of the market matches utilized.
- Review broad classifications representing wide functional areas and levels of work such as Information Technology Services to ensure salary ranges are competitive with market.
- Ensure employees move through the ranges to reduce potential salary compression issues.
- Given that some of the State classifications are broadly defined in terms of functional duties and job level, we also recommend the State validate market job matches.

-5.6%

compared to market
median

State Patrol Trooper

Methodology

The methodology used to determine and maintain prevailing compensation for the law enforcement officers employed by Colorado State Patrol is provided by C.R.S. §24-50-104. The statute requires the use of methodologies consistent with the other classes to determine and maintain prevailing compensation with one exception. Statutorily, the labor market to be used for adjustments to actual salaries is uniquely defined as the top three law enforcement agencies within Colorado having more than 100 commissioned officers and the highest actual average salary.

The agencies that meet these criteria may change from one year to the next. For the State Trooper classes, individual salary data in the market was summarized by calculating the weighted average of actual salaries (by class size) reported, as required by statute.

Data Sources

In compliance with the statute, Gallagher reviewed the classification's job duties and identified comparable matches in the market utilizing published survey sources provided by the State. Market data was collected for the State Trooper Classes by utilizing the FY 2019-20 Public Employers Compensation Survey published by Employers Council, Inc. The top law enforcement jurisdictions by individual classification were identified in compliance with the statutory methodology.

Utilizing the Employers Council Survey, all the participant organizations within the identified job matches by highest annual actual average salary were ranked. Next, the top three law enforcement jurisdictions within Colorado with the highest paid actual average salary having more than 100 commissioned officers were identified.

Data Adjustments

All data was aged to a common effective date of July 1, 2020 using the *WorldatWork* prevailing market trend 3% for salary budget increase. Market data has not been adjusted geographically due to the statutorily defined market within Colorado.

Findings & Analysis

Overall comparison shows the State is 5.6% below the weighted market average (weighted by class size) for the top three law enforcement jurisdictions within the State of Colorado. Using standard compensation guidelines, the State Trooper classification series is overall competitive (+/- 10% variance with the market) with the market.

The following chart provides the individual State Trooper classification comparison with the market. The State Patrol Trooper and State Patrol Supervisor classifications are highly competitive with the market actual salaries (i.e. within +/- 5% variance of the market). The State Patrol Admin I and State Patrol Admin II classifications are competitive with the market actual salaries (i.e. within +/-10% variance from the market). No market data was available for State Patrol Cadet, and State Patrol Trooper III positions.

State vs. Market Top 3 Law Enforcement Agencies							
State FY 2018-19					Market FY 2018-19		
Class Title	Pay Grade	# of EEs	Current Average Salary	Current Average Monthly	Projected Weighted Mkt Avg	Projected Weighted Mkt Avg @ 99%	% Diff State From Weighted Mkt Avg
STATE PATROL TROOPER	A24	422	\$86,103	\$7,175	\$7,490	\$7,415	-3.23%
STATE PATROL SUPERVISOR	A34	105	\$111,143	\$9,262	\$9,800	\$9,702	-4.54%
STATE PATROL ADMIN I	A35	29	\$125,801	\$10,483	\$11,593	\$11,477	-8.66%
STATE PATROL ADMIN II	A36	8	\$145,992	\$12,166	\$12,948	\$12,819	-5.09%
STATE PATROL CADET	A20	24	\$69,155	\$5,763	No Market Data		
STATE PATROL TROOPER III	A29	199	\$96,474	\$8,040	No Market Data		
		Sum of EEs	787				
Overall Difference from the Market-Weighted Average @ 99%						-5.6%	

-1.8%

compared to full
market median

Executive Pay Plan

Findings & Analysis

Base Salary

Gallagher collected full market data for six positions (executive) pursuant to section 13 (2)(a)(XI) of article XII of the State of Colorado Constitution. These executive positions listed below are non-classified and exempt from the State Personnel System. The Executive Pay Plan is established based on policies set forth by the Director.

- Chief Financial Officer
- Human Resources Director
- Public Information Officer
- Department Executive Assistant
- Deputy Department Head
- Department Legislative Liaison

Overall, the State's actual average salary for the executive positions is highly competitive (+/- 5%) with the full market median at 1.8% below the market.

The chart below represents the full market and is an aggregate comparison of all six benchmark positions in the executive series, and not a simple average of the benchmark comparisons.

Overall Percentage Difference between State Average Base Salary and Full Market Average Base Salary for Executive Positions

Full Market Base 25 th Percentile	Full Market Base 50 th Percentile	Full Market Base Average	Full Market Base 75 th Percentile
19.6%	-1.8%	-3.1%	-15.3%

Total Cash & Incentive Pay Comparison

Gallagher calculated the overall average market incentive pay as a percent of market base salary for all six executive benchmark jobs. The following chart illustrates the overall average market incentive pay (as a percent of market base) at the 25th percentile, 50th percentile, average, and 75th percentile.

Overall Average Market Incentive for Executive Positions

Market 25 th Percentile	Market 50 th Percentile	Market Average	Market 75 th Percentile
3.7%	9.6%	9.5%	16.2%

Incentive pay for benchmark jobs varies. The following chart illustrates the overall lowest and highest incentive pay (as a percentage of base salary) at market 25th, 50th, average, and 75th:

Lowest & Highest Market Incentive for Executive Positions

Market 25 th Percentile		Market 50 th Percentile		Market Average		Market 75 th Percentile	
Lowest Incentive (%)	Highest Incentive (%)	Lowest Incentive (%)	Highest Incentive (%)	Lowest Incentive (%)	Highest Incentive (%)	Lowest Incentive (%)	Highest Incentive (%)
0.2%	10.6%	0.3%	14.8%	1.5%	15.1%	0.8%	25.7%

The overall market trend indicates that incentive pay is 9.6% of base salary in the market for executive positions.

Salary Structure Comparison

Gallagher compared the State's FY 2019-20 salary structure for executive positions with the full market pay grade average at range minimum, midpoint, and maximum.

Overall, the State's FY 2019-20 salary structure for the executive positions is misaligned with the market average range minimum, midpoint, and maximum. The State's structure minimum is 30.2% below market, range midpoint is 27.9% below market, and range maximum is 26.7% below market.

The following chart represents the full market and is an aggregate comparison of all six benchmark positions in the executive non-classified series, and not a simple average of the benchmark comparisons.

Overall Percentage Difference from Full Market Average Salary Structure

Market Average Range Minimum	Market Average Range Midpoint	Market Average Range Maximum
-30.2%	-27.9%	-26.7%

At an individual position level, two of the six executive positions are highly competitive (+/- 5%) with the market average range midpoint. Three of the six positions are misaligned with the market (>15%). The chart on the following page outlines the salary structure comparison for executive positions.

Full Market Average Salary Structure Comparison

Executive Positions	State FY 2019-20 Annual Salary Range Midpoint	Percentage Difference from Market Average Range Midpoint
Department Executive Assistant	\$64,872	-3.7%
Deputy Department Head	\$129,336	-4.8%
Department Legislative Liaison	\$80,016	n/a*
Chief Financial Officer	\$98,568	-35.1%
Human Resources Director	\$88,008	-36.5%
Public Information Officer	\$72,732	-46.3%

*Indicates insufficient benchmark job match.

Finally, Gallagher compared the overall range spread of the State's executive position ranges with the average full market range spread for all six executive positions. The average market range spread is narrower than the average State range spread. Such variation can be attributed to different organizational compensation philosophies that determine the width of the ranges.

Full Market Average Range Spread

State Range Spread	Market Range Spread
65%	57%

-17%

compared to market
median value

Medical Benefits

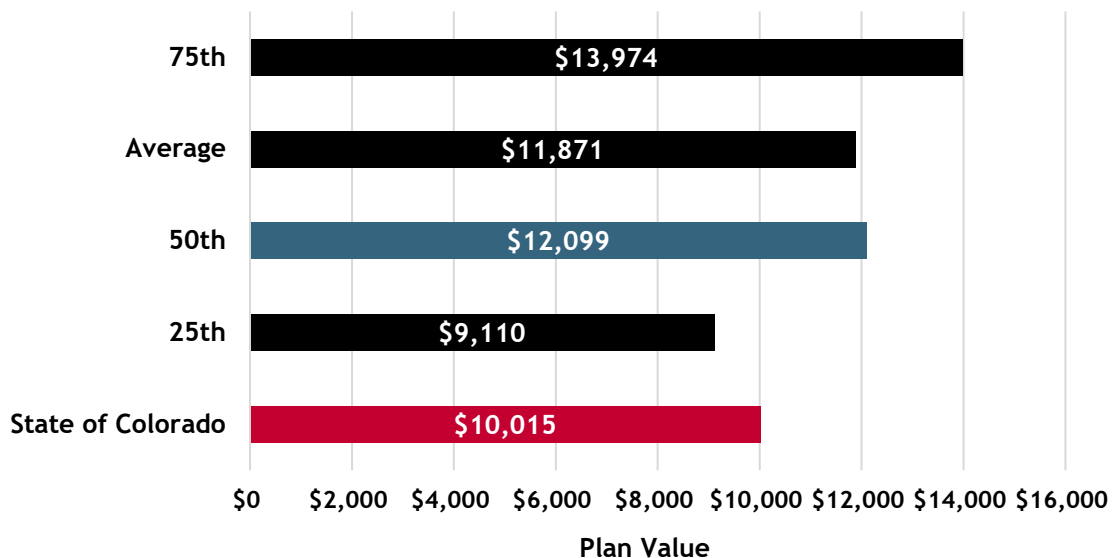
The State of Colorado Group Employee Medical Plan offers two plan designs: copay and qualified high deductible health plans (HDHPs). Both are offered through Kaiser Permanente and UnitedHealthcare.

As employer strategies and resulting contributions vary, it is important to view the overall value of benefits being realized, beyond just the most prevalent plan selected. In order to provide a more holistic assessment of the value being provided by the employers participating in the survey, Gallagher collected enrollment and employer contribution data for all medical plans, rather than only the most prevalent plan.

Actual enrollment in each plan and tier (i.e., employee only, family, etc.) was multiplied by the employer monthly contribution to determine the total employer contribution, divided this amount by the total number of enrolled employees, and then multiplied this monthly amount by 12 to arrive at a per employee, per year employer contribution.

Gallagher then calculated the relative value of each of the medical plan options offered by employers, using the Centers for Medicare & Medicaid Services (CMS) Minimum Value Calculator, which provides an actuarial value for each of the respective plans. The actuarial value is the best indicator of plan cost as it represents a normative plan cost (after employee cost share) for every dollar of healthcare. These factors were multiplied by the enrollment in each plan, and then divided by the total enrollment, arriving at a weighted average value of all plans combined. The relative value of each participant relative to the State was then used to adjust the employer contributions to arrive at an adjusted employer contribution, depicting an overall effective employer contribution.

Medical Plan Value



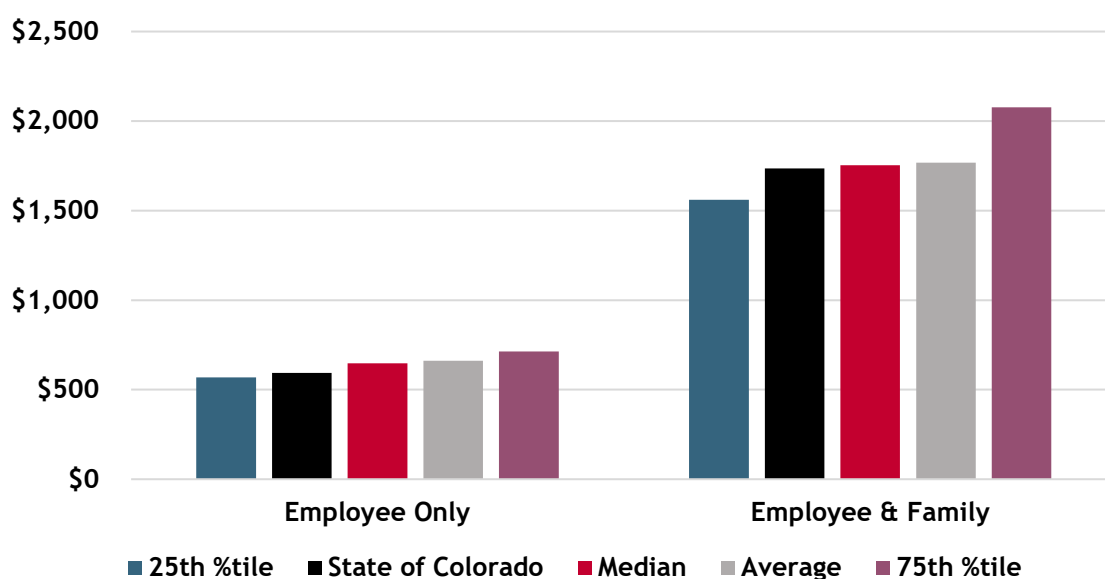
The value of the combined medical offerings by the State was determined to be \$10,015. This figure was 17% below the median value of all survey respondents, or \$12,099. This is misaligned with the market.

The PPO plan design remains the most prevalent medical plan design offered by respondents, followed closely by the HDHP with a HSA.

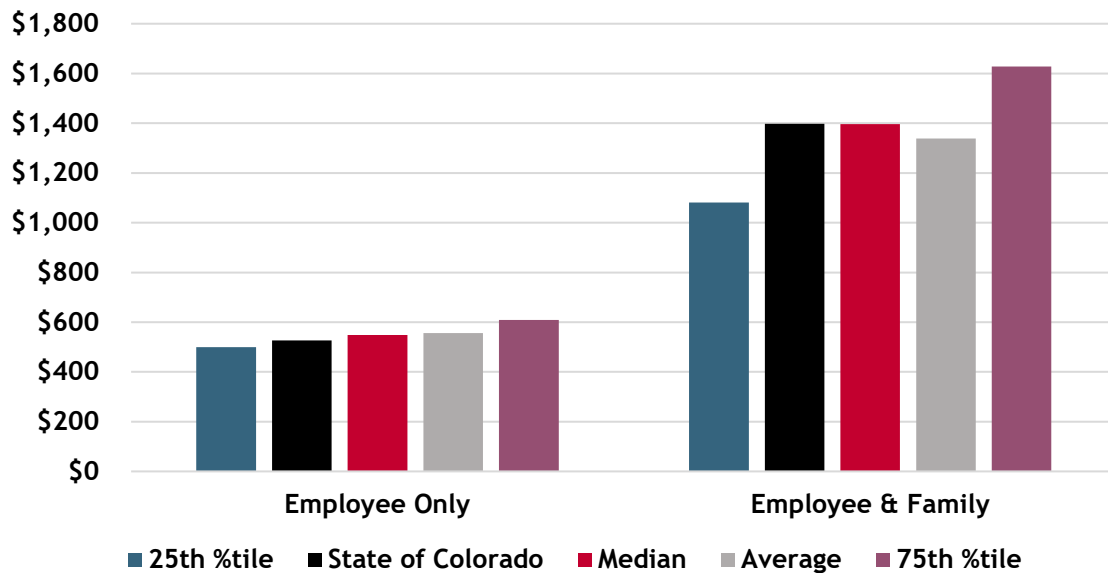
Medical Plans Offered	Prevailing Market
EPO	5%
HDHP	5%
HDHP w/ HSA	25%
HDHP w/ HRA	4%
HDHP w/ HRA or HSA	2%
HMO	15%
POS	7%
PPO	37%

The State contributes 88.5% across all medical plans offered for Employee Only coverage. The median contribution across all medical plans offered for the peer group for Employee Only coverage was 84.7%. For Family coverage across all medical plans offered, the State contributes 80.6% as compared to the peer group where contributions for Family coverage were 79.6%.

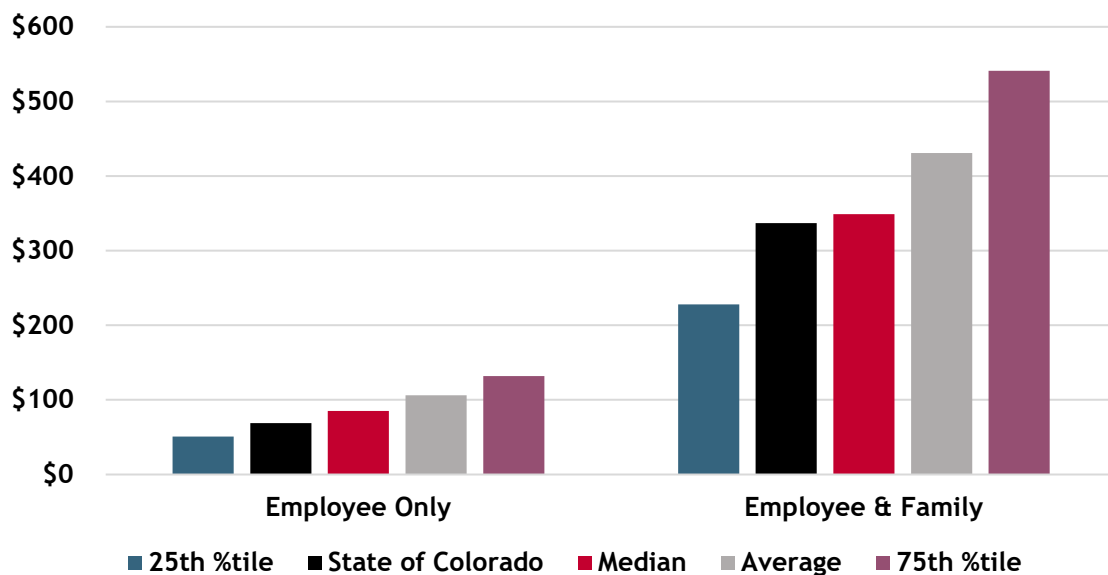
Total Monthly Medical Premium



Employer Paid Monthly Medical Premium



Employee Paid Monthly Medical Premium



See page 13 in the Appendix for a detailed comparison of the State's median and average coinsurance, copay, plan deductible, and out-of-pocket maximums compared to market.

Health Savings Account

The State's HDHPs are eligible for a health savings account (HSA). The State contributes \$60 each month to qualifying employees enrolled in a HDHP with UnitedHealthcare or Kaiser Permanente.

Health Savings Account Employer Annual Contribution					
	25th Percentile	50th Percentile	Average	75th Percentile	State of Colorado
Employee Only	\$500	\$735	\$719	\$800	\$720
Employee Plus Dependent	\$720	\$1,000	\$1,160	\$1,500	\$720
HRA/HSA Contribution	\$500	\$500	\$629	\$700	No

	25th Percentile	State of Colorado
Health Reimbursement Account Provided	25%	No

Health Reimbursement Account (HRA) Employer Annual Contribution				
Medical	25th Percentile	50th Percentile	Average	75th Percentile
Employee Only	\$750	\$750	\$750	\$750
Employee Plus Dependent	***	***	***	***

*** Insufficient data for confidential reporting

Of survey respondents, 93.5% allow for spousal coverage even if the spouse is eligible for coverage through their own employer.

State Medical Findings

While the combined medical plan value of the State's plan is 17% below the median of all survey respondents, the State offers a wide variety of plan offerings from which employees may choose. Plan provisions are generally slightly behind the market, although vary widely among type of covered benefit service. For those electing a HDHP, the State's contribution to the HSA is less generous than the prevailing market and deductibles are slightly higher.

Employee contributions are generally aligned to slightly more favorable for employees than the prevailing market. Offering choice allows employees to balance the desired level of coverage with required contributions.

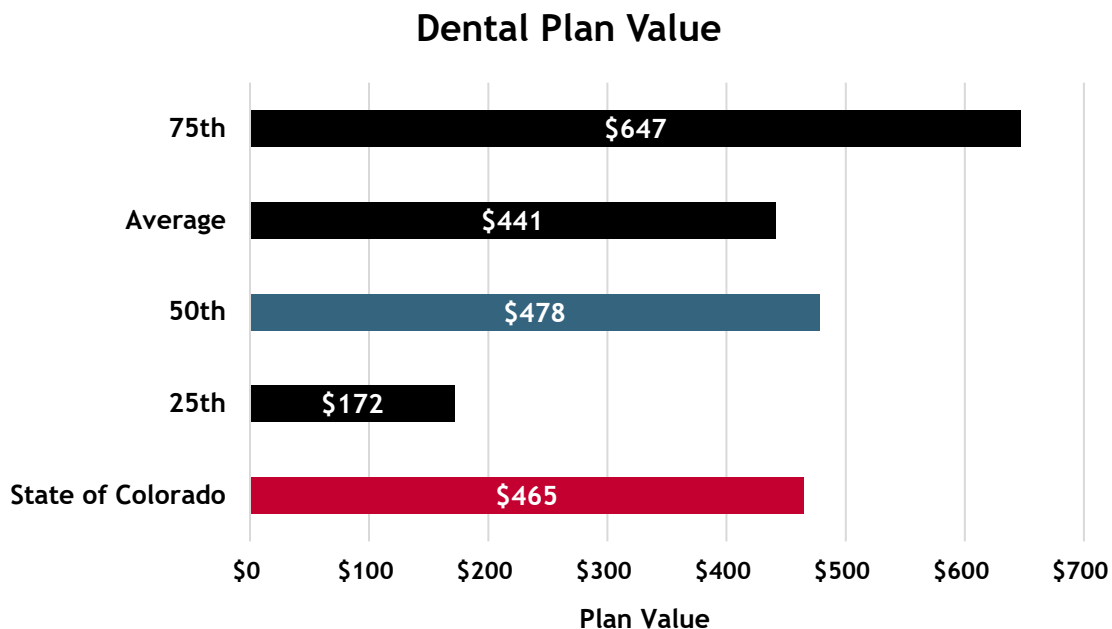
-3%

compared to market
median value

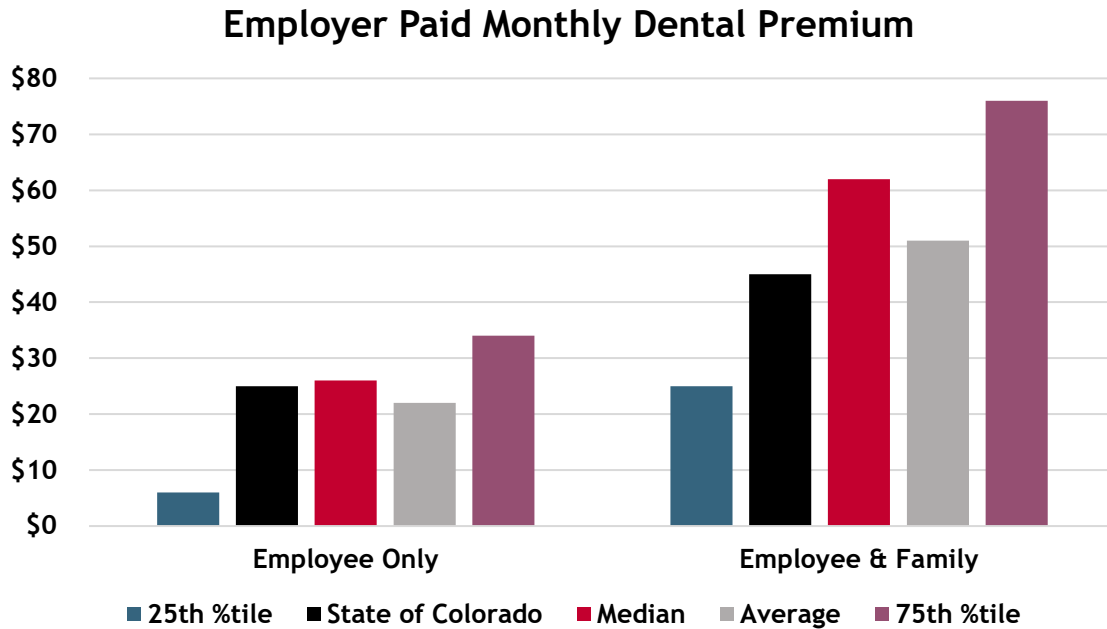
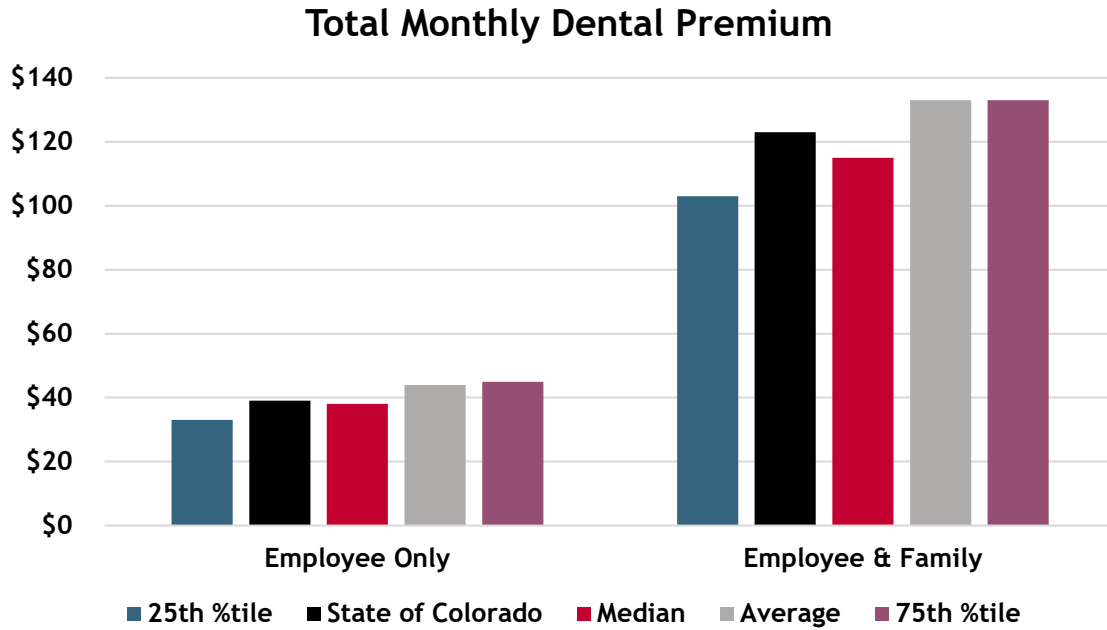
Dental Benefits

For purposes of evaluating dental benefits, if an employer offers more than one dental plan, the plan with the highest enrollment was valued. The State's contribution for Employee Only and Family dental coverage in the most prevalent plan was well above the median contribution of all survey respondents. Of responding organizations, three employers indicated their dental benefit is bundled with their medical plan. Dental coverage was offered by 97% of all survey respondents.

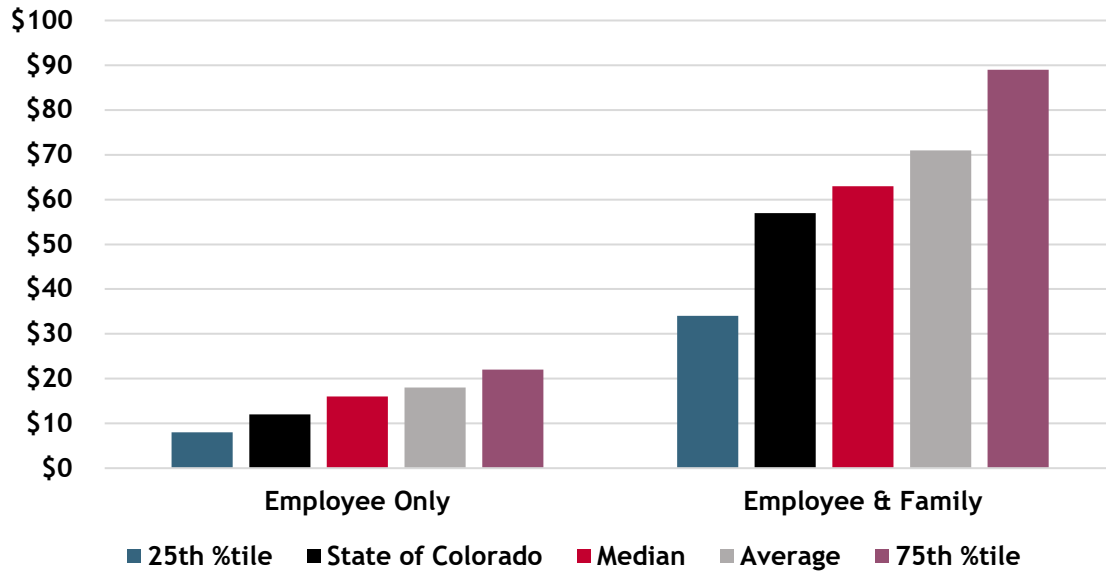
The State's contribution for dental in the most prevalent plan is valued at \$465. This figure is 3% below the median value of all survey respondents, or \$478.



Below are comparisons of total, employer, and employee paid monthly dental premiums to market.



Employee Paid Monthly Dental Premium



Dental Plan Features					
	25th Percentile	50th Percentile	Average	75th Percentile	State of Colorado
Annual Benefit Maximum	\$1,000	\$1,500	\$1,616	\$2,000	\$3,000
Orthodontics Lifetime Maximum	\$1,500	\$1,500	\$1,696	\$2,000	\$3,000
Preventive Services Coverage	100.0%	100.0%	99.2%	100.0%	100.0%
Basic Services Coverage	80.0%	80.0%	78.8%	80.0%	80.0%
Major Services Coverage	50.0%	50.0%	55.5%	60.0%	50.0%
Individual Deductible	\$50	\$50	\$47	\$50	\$50
Family Deductible	\$138	\$150	\$134	\$150	\$150

State Dental Findings

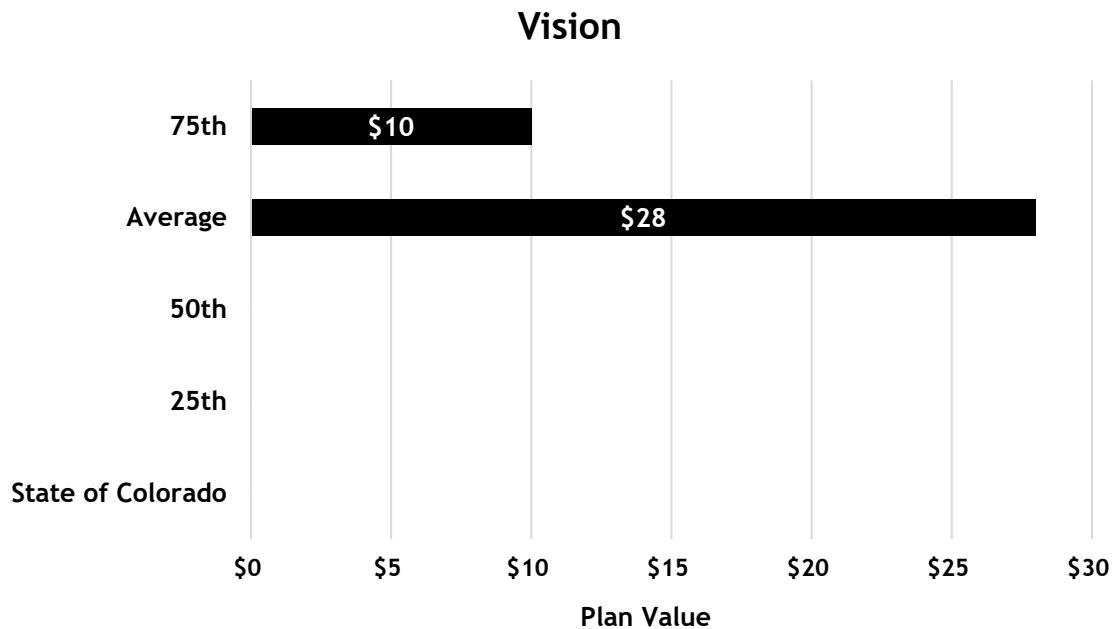
The State's contribution for dental is slightly higher than the median of all survey participants. Most dental plan provisions are on par with the market. However, the State dental plan annual out-of-pocket maximum was much higher at \$3,000 compared to a median of all survey respondents of \$1,500.

The State may want to review additional data to see how many members are reaching the annual maximum each year in order to determine if the higher annual maximum is utilized.

Additional Benefits

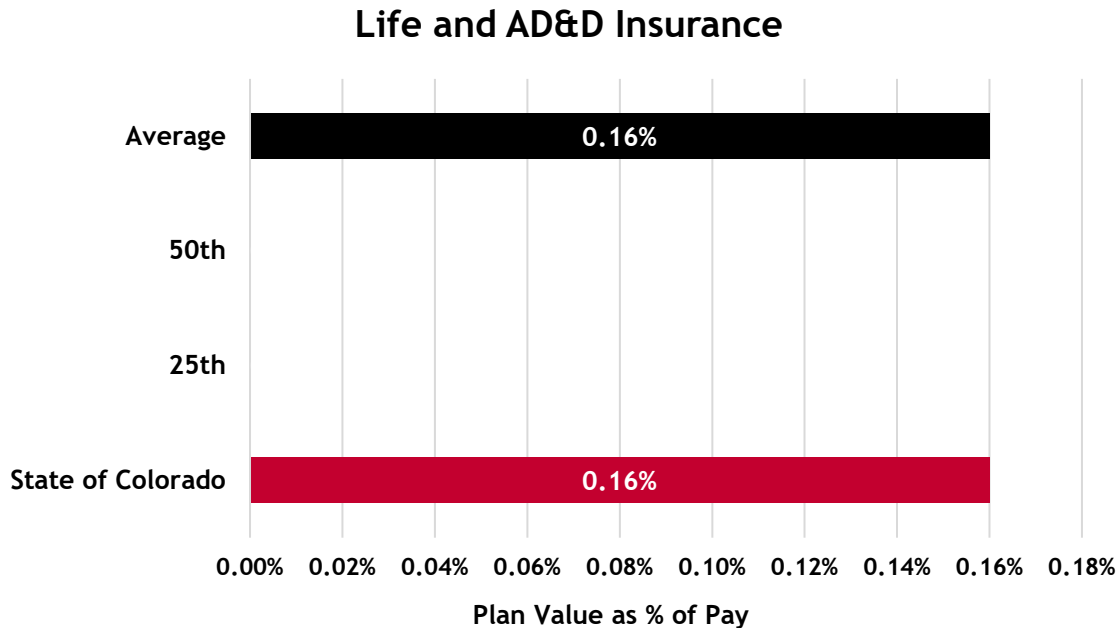
Vision Benefits

Vision coverage was offered by 97% of all survey respondents. The State and three organizations offer vision as part of medical enrollment rather than a stand-alone benefit. For the latter, the average employer cost was \$28 per month. Nineteen of the responding organizations offer vision coverage on a voluntary, fully employee paid basis.



Life and Accidental Death and Dismemberment (AD&D) Insurance

The employer cost for the State's life insurance was on par with the prevailing market. Note, life insurance rates are in fair part related to the demographics of the covered employee population. So, in general an employee group that is older would be expected to have a higher life insurance cost.



As illustrated in the tables below, 75% of the employers offer life insurance as a multiple of salary. The remaining participants provide life insurance on a flat dollar amount of coverage. Some survey respondents offer both types of plan design, depending on an employee's classification within the organization. Similar practice is also found with accidental death and dismemberment. Over 69% of respondents offer accidental death and dismemberment coverage as a multiple of salary. For both life insurance and accidental death and dismemberment, 1.5 times salary was the median coverage offered. Offering a multiple of salary for life and accidental death and dismemberment is on par with the prevailing practice of the market.

Basic Life Insurance					
	25 th Percentile	50 th Percentile	Average	75 th Percentile	State of Colorado
Benefit Flat Dollar Amount (in 000's)	\$23	\$33	\$48	\$55	***
Benefit Multiple of Salary	1	1.5	1.4	2	1

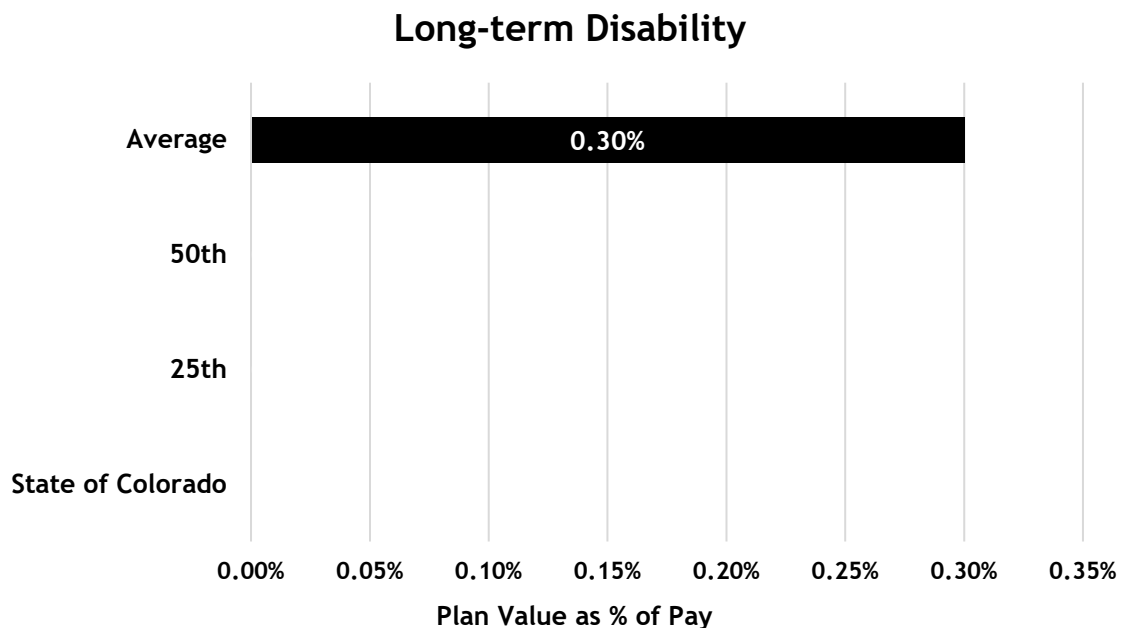
Accidental Death & Dismemberment					
	25th Percentile	50th Percentile	Average	75th Percentile	State of Colorado
Benefit Flat Dollar Amount (in 000's)	\$23	\$45	\$105	\$175	***
Benefit Multiple of Salary	1.0	1.5	1.8	2.0	1.0

The number of survey respondents is more heavily weighted toward public sector employers, which tend to have higher demographics, and therefore associated cost. We presume the State's same cost of life and accidental death and dismemberment insurance as compared to the prevailing market is likely due to the State having similar demographic and risk factors as compared to the prevailing market.

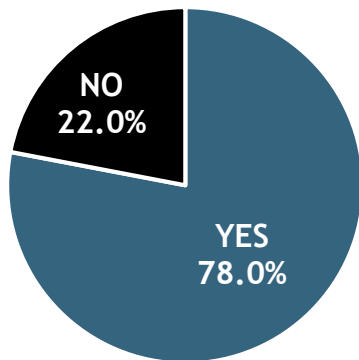
Disability Benefits

Through PERA, the State provides a form of disability benefit as part of the overall retirement benefit. In addition, the State offers a voluntary (fully employee paid) long-term disability (LTD) plan to supplement the disability benefit offered through PERA. Therefore, the State's cost for a stand-alone LTD benefit is \$0.

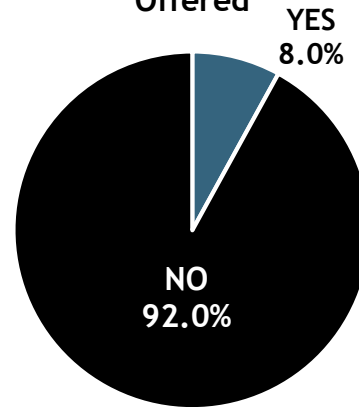
In the prevailing market, 78% of the prevailing market offers an employer paid LTD program. With a State disability benefit provided through PERA, the lack of an employer paid LTD program is mitigated to a large degree. The State's employer paid short-term disability (STD) is generally on par with the prevailing market, although plan provisions vary greatly among employers.



**Market Long-term Disability:
Employer Paid**



**Market Long-term Disability:
Offered**



Long Term Disability Elimination Period	
	Prevalence
90 Days	42%
180 Days	54%
Other	4%

The State's elimination period is 180 days.

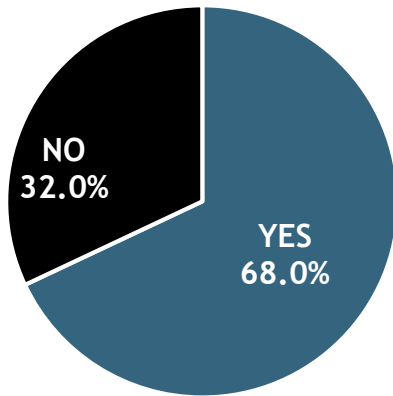
Income Replacement Percentage	
	Prevalence
50%	8%
60%	72%
66 2/3%	12%
Other	8%

The State of Colorado's income replacement percentage is 60%.

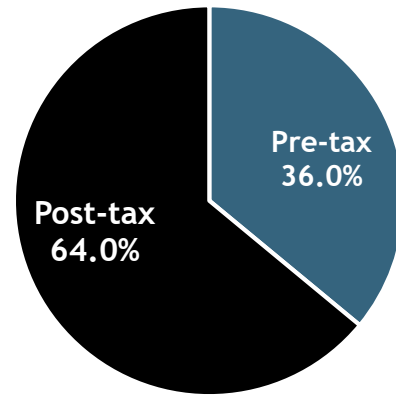
Maximum Monthly Benefit	
	Prevalence
Less than/equal to \$5,000	14%
Between \$5,000 and \$7,500	23%
Between \$7,501 and \$10,000	36%
Between \$10,001 and \$12,500	5%
Between \$12,501 and \$15,000	18%
Greater than \$15,000	5%

The State of Colorado's maximum monthly benefit is between \$7,501 and \$10,000.

Short-term Disability: Employer Paid



Short-term Disability: Offered



The State offers employer paid short-term disability to most benefit-eligible employees, which pays 60% of pre-disability covered compensation up to a weekly benefit payment of \$3,000 per week, for up to 150 days, following the 30 calendar day waiting period or until the end of all sick leave, whichever is longer.

Short Term Disability					
	25th Percentile	50th Percentile	Average	75th Percentile	State of Colorado
Weeks Provided at 100%	8	10	12	14	***
Weeks Provided at a Reduced Income Replacement	12	22	19	26	150 days
Income Replacement	60%	60%	61%	60%	60%

Wellness Programs

The State, as well as most employers in the prevailing market offer some type of wellness program, although the type of incentives offered for participation vary widely, with some type of monetary incentive as the most common approach.

Medical	Prevalence	State of Colorado
Wellness Program Offered	88%	Yes
Participation Incentive Offered	93%	Yes

Wellness Program					
Medical	25th Percentile	50th Percentile	Average	75th Percentile	State of Colorado
Cash Compensation	\$150	\$175	\$182	\$238	No
Premium Differential	\$20	\$120	\$164	\$240	\$240
HRA/HSA Contribution	\$500	\$500	\$629	\$700	No

Other examples of wellness programs incentives included gift cards, tickets, prizes and gym memberships.

Healthcare Management

As many employers struggle with the rising costs of healthcare and offering a comprehensive total rewards package to employees, additional questions were included in the custom survey to provide insight into a variety of healthcare cost management initiatives.

The most important challenges reported by employers are the high cost of medical and prescription drug services and the rising cost of specialty drugs. Many employers currently use telemedicine, wellness incentives and provide disease management programs in an attempt to control healthcare costs. Of respondents, 57% of organizations plan to use value-based health management tactics within the next two years. Of the future cost control tactics, increasing employee contributions relative to the cost of premiums and providing wellbeing incentives led the list of options, followed closely by increasing the cost share through plan design changes. Healthcare cost control is an important focus for employers, which employees may see in the form of future increased cost sharing whether through payroll deductions or by using the plan.

For detailed charts showing the prevalence of various challenges and tactics, including solutions, please see page 17 in the Appendix.

Sick Leave, Vacation Leave & Other Leave Benefits

The State of Colorado currently offers employees a leave program that includes, but is not limited to annual, sick, holiday, family medical, short-term disability and military. Employees earn personal and sick leave at varying accrual rates, based on years of service. Full-time employees begin earning annual leave at an accrual rate of 8 hours per month and sick leave at a fixed rate of 6.66 hours per month. Leave for a part-time employee is earned on a pro-rated basis.

Of the surveyed employers, 76% continue to offer separate time off for vacation, sick and personal leave.

PTO Methodology	Prevalence
Separate days for vacation, sick, and personal	76%
Combined bank for all time off	21%
Unlimited paid time off	3%

Sick Leave			
Sick Leave (By Days)	State of Colorado	Prevailing Market Average	Prevailing Market Median (2018)
1 year of service	10 days	12 days	12 days
5 years of service	10 days	12 days	12 days
7 years of service	10 days	12 days	12 days
10 years of service	10 days	13 days	12 days
15 years of service	10 days	13 days	12 days
20 years of service	10 days	13 days	12 days
25 years of service	10 days	13 days	12 days

Vacation Leave*			
Vacation Leave (By Days)	State of Colorado	Prevailing Market Average	Prevailing Market Median (2018)
1 year of service	12 days	14 days	12 days
5 years of service	12 days	17 days	15 days
7 years of service	15 days	18 days	16 days
10 years of service	15 days	20 days	19 days
15 years of service	18 days	22 days	21 days
20 years of service	21 days	23 days	24 days
25 years of service	21 days	24 days	24 days

*Reflects prevailing market accrual rates, based on years of service. The State's accrual is based on the following years of service: 1-5 years, 6-10 years, 11-15 years, and 16 or more.

See page 15 in the Appendix for charts showing sick leave conversion, payout information, holidays, and other leave information.

Given increased interest and the trend toward paid parental leave in many parts of the country, additional custom survey questions were included to provide insight into trends in this area.

Paid Parental Leave	
	Prevalence
Parental Leave Offered	38%
Eligibility	
Part Time Employees	0%
Full Time Employees	30%
Both	70%
Eligibility	
Offer to Mother Only	13%
Offer to Both Mother and Father	63%
Other	25%

Parental Leave Conditions	Prevalence
Birth of a Child	100%
Bonding with a Child	89%
Care of Sick/Ill Child	44%
Adoption or Placement of a child	89%
Child's School Activities or Programs	22%
Other	22%

Parental Leave Methodology	
	Prevalence
Follow Other Benefit Guidelines (i.e., more generous than FMLA, or date of hire, etc.)	13%
Mirror FMLA Guidelines	63%
Other	25%

Paid Parental Leave*				
	25th Percentile	50th Percentile	Average	75th Percentile
Paid Leave in Weeks	4	7	7	11

*Unpaid leave amounts were unreportable

Paid Time Off, Paid Holidays and Parental Leave Findings

The State's sick and vacation leave is below the prevailing market for the number of paid days earned by years of service. In the State, vacation is paid out upon termination or retirement and 25% of sick leave is paid out upon retirement only. Of organizations providing sick days, 81% indicated that sick leave can be used for family members. Typically this includes the employee's parents, child(ren), spouse or other "immediate" household members. Occasionally, sick leave may also be used for grandparents and grandchildren. The State's policy is to use sick leave for health reasons only and includes the employee, employee's child, parent, spouse, injured military service member, legal dependent, or person in the household for whom the employee is the primary caregiver.

For paid holidays, the State follows similar practice to most employers, offering 10 paid holidays per year.

Parental leave was offered by 38% of employers, often with eligibility extended to full-time and part-time employees. The majority of employers mirror FMLA guidelines and offer coverage to both mother and father, 63% of respondents in both cases. The top three conditions for which parental leave was offered was birth of a child (100%), followed by bonding with a child (89%), and adoption or placement of a child (also 89%). While the State does not currently offer paid parental leave, this is a future area to be studied.

-20.6%

compared to market
range midpoint

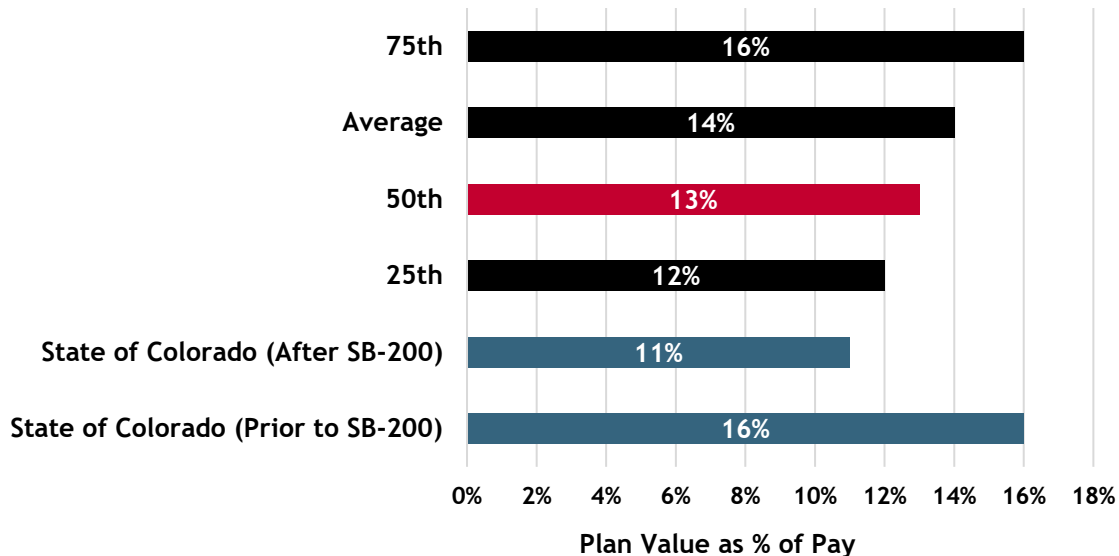
Retirement

A portion of the State contribution to PERA goes to the Health Care Trust Fund to pay healthcare premium subsidies to benefit recipients who participate in the PERACare Health Benefits Program. While this is ultimately of value, we are not considering such benefit for purposes of this study.

Also covered by a portion of the contributions to PERA is a form of disability benefit. As with the retiree health care subsidy, there is an embedded value to this benefit, but we are not considering this as a separate benefit (or cost) for purposes of this study.

Social Security is being fully considered for purposes of this study. This means when comparing the State to market organizations, both the benefits and cost of Social Security are being valued when applicable for respective organizations. See page 12 of the Appendix for details on the methodology for determining retirement plan values.

Total Retirement Value



State Retirement Findings

The State's retirement plan is approximately 20.6% lower than the prevailing market retirement plans as a percent of annual salary. This is misaligned with the market (>15%) Again, this is inclusive of Social Security costs and benefits paid by other employers. It is determined that the State's retirement benefit to employees is approximately 11.2% of annual salary. The market average is valued at 14.1% of base salary, while the median is 12.9% of base salary.

The passage of SB-200 in 2018 lowered the value of the retirement plan as a percent of annual salary due to increased employee contributions to PERA, lowering the COLA cap, and updating the FAS calculation.

FY 2020-21 Cost Projections

Aggregate salary data from July 2019 was used to develop the estimates in the text and charts below. No cost adjustments for leave or short-term disability are presented, as they are generally aligned with market practice. The Director will work with the Office of State Planning and Budgeting to develop the final salary recommendations for inclusion in the Governor's November 1 Budget Request for FY 2020-21.

Salary Structure Adjustments

To continue to accurately align itself with market, the State needs to adjust individual job class pay ranges by 2%. This movement will allow the State to remain competitive with job class structures observed in the market and is benchmarked against *WorldatWork's* market trend factor of 2% projection of the market's average structural adjustment. To the extent that an employee's salary falls below the range minimum as a result of these adjustments, the State is statutorily required to make up the difference.

For FY 2020-21, estimates indicate that the upward movement of range minimums will cost the State \$2,046,040 in total funds, which includes all salary related costs for classified employees.

Salary Adjustments

For the purposes of this report, the costing scenarios for 1% adjustments using an across-the-board methodology as well as a merit-based methodology are included. The Department and Director will continue to work with the Office of State Planning and Budgeting to develop the final salary adjustments included in the Governor's November 1 Budget Request.

Merit Matrix Adjustments to Base Pay

Historically, the State utilized a combination of merit and across-the-board pay practices. To that end, the Department has estimated the merit matrix percent adjustments necessary to affect a 1% salary adjustment scenario. The following merit matrix reflects this scenario.

Merit Matrix Increase for FY 2020-21

Performance Rating	Quartile 1	Quartile 2	Quartile 3	Quartile 4	Above Quartile 4
Exceptional (level 3)	2.0%	1.8%	1.6%	1.4%	1.2%
Successful (level 2)	1.0%	0.8%	0.6%	0.4%	0.2%
Below Expectations (level 1)	0%	0%	0%	0%	0%

Should the State pursue salary increases through merit, the salary adjustments for the merit awards would be base-building for quartiles one through three, with non-base building awards granted for fourth quartile and above. For FY 2020-21, estimates indicate that the total cost of a 1% merit increase will be \$23,539,627 total funds for all classified staff and including a 2% movement in salary structures. Of the total amount, \$967,284 will be one-time funding for employees in or above the fourth quartile.

Across-the-Board Adjustment

Should the State pursue salary increases through an across-the-board adjustment, employees would receive base-building funding up to the range maximum for their classification. Any amount above the range maximum is annualized and paid as a one-time lump sum adjustment at the beginning of the fiscal year. Estimates indicate that it would cost \$22,850,559 in total funds to provide a 1% across-the-board adjustment for classified employees in FY 2020-21, including a 2% movement in salary structures.

System Maintenance Study Adjustment

The State Personnel Director is statutorily responsible for maintaining and revising the system of classes covering all positions in the State Personnel System. Such maintenance may include the assignment of appropriate pay grades that reflect prevailing wage as mandated by CRS 24-50-104(1)(a). For FY 2020-21, the Department conducted a system maintenance study for the Electronic Engineer, Electronics Specialist, and Customer Support Coordinator class series.

System maintenance studies are implemented on a "dollar-for-dollar" basis where an employee's current salary remains unchanged when a class is moved to a new grade. Individual employee salaries that are below the new grade minimum are adjusted upward to the new grade minimum. If current salaries are above the maximum of the new grade, employees maintain their current salaries for up to three years as authorized by C.R.S. 24-50-104(1)(e). If current salaries are below the minimum of the new grade, employee salaries are increased to the new minimum, which results in cost.

The estimated cost to implement the results of the study is \$5,959. In accordance with rules regarding the order of multiple actions on the same effective date, system maintenance studies are implemented first. For this reason, these calculations do not include any annual compensation survey adjustments.

The implementation date of July 1, 2020 coincides with the presumed implementation of any annual compensation adjustments. Please see page 20 in the Appendix for a description of the system maintenance study conducted

Healthcare Cost Adjustments

Costs for healthcare, dental, and life will follow the finalization of cost projections in the market. This will be completed in October 2019 in preparation for the Governor's November 1 Budget Request for FY 2020-21. The State is currently procuring vendors for health benefits coverage through an Invitation to Negotiate (ITN) framework. The outcome of this procurement may affect the State's contributions to employee healthcare. Any necessary adjustments will be addressed through the budget process.

Annual Total Compensation Process

Following the publication of this year's report, the Director will continue to work closely with the Governor's Office of State Planning and Budgeting to develop a recommendation for the appropriate amount of funding for any annual salary and State contributions to benefits for FY 2020-21.

The recommendation will be submitted for consideration in the Governor's November 1 Budget Request for FY 2020-21. Recommendations reflect consideration of the results of the annual compensation survey, fiscal constraints, and the ability to recruit and retain State employees.

Final adjustments to compensation and benefits approved by the Governor and the General Assembly will be announced following the legislative session. The Director then implements these adjustments on July 1, 2020.

The Annual Compensation Timeline

In accordance with C.R.S. 24-50-104(4), the State Personnel Director is required to submit an Annual Compensation Report for annual adjustments to the State of Colorado's total compensation package.

Following the legislative process, the State Personnel Director announces the final compensation plan for the upcoming fiscal year.

September 15

November 1

May

July 1

The Governor submits the next fiscal year's budget proposal.

Implementation of the Annual Compensation Plan occurs at the beginning of the fiscal year.

Appendix

Benchmark Class Titles

Benchmark Title	Included In FY 2020-21 Study	Published Survey Data	Custom Survey Data*
Accountant I	X	X	
Accountant II	X	X	X
Accountant IV	X	X	
Accounting Technician I	X	X	
Accounting Technician III	X	X	X
Actuary I	X		
Actuary II	X		
Admin Assistant I	X	X	X
Admin Assistant II	X	X	X
Admin Assistant III	X	X	X
Aircraft Pilot	X	X	
Analyst II	X	X	
Analyst III	X	X	X
Analyst IV	X	X	X
Animal Care I	X	X	
Appraiser I	X	X	X
Architect I	X	X	
Archivist I	X	X	
Arts Professional I	X	X	X
Arts Professional II	X	X	
Arts Technician I	X	X	
Auditor I	X	X	X
Auditor II	X	X	
Auditor V	X	X	X
Barber / Cosmetologist	X	X	
Budget & Policy Anlst IV	X	X	
Budget Analyst I	X	X	
Chaplain I	X	X	X
Chaplain II	X	X	
Child Care Aide	X	X	
Civil Eng Proj Manager I	X	X	
Client Care Aide II	X	X	X

Benchmark Title	Included In FY 2020-21 Study	Published Survey Data	Custom Survey Data*
Clinical Behav Spec II	X	X	
Clinical Therapist I	X	X	X
Collections Rep II	X	X	
Community Parole Off	X	X	X
Community Parole Supv	X	X	X
Community Worker II	X	X	X
Comp Insurance Spec II	X	X	
Comp Insurance Spec III	X	X	
Compl Investigator II	X	X	X
Compliance Specialist II	X	X	X
Compliance Specialist III	X	X	X
Compliance Specialist V	X	X	X
Computer Oper Supv I	X	X	X
Computer Operator II	X	X	
Contract Administrator II	X	X	
Contract Administrator IV	X	X	
Contract Administrator VI	X	X	X
Controller III	X	X	
Corr Supp Trades Supv I	X	X	X
Corr/Yth/Clin Sec Off I	X	X	X
Corr/Yth/Clin Sec Off II	No Match For This Level		X
Corr/Yth/Cln Sec Supv III	X		
Corrections Case Mgr I	X	X	X
Corrl Account Sales Rep	X	X	X
Criminal Investigator I	X		
Criminal Investigator II	X	X	X
Cust Support Coord I	X	X	
Custodian I	X	X	X
Custodian III	X	X	
Data Entry Operator I	X	X	X
Data Entry Operator II	X	X	X
Data Management III	X	X	X
Dental Care I	X	X	X
Dental Care IV	X	X	
Dentist I	X	X	X
Designer/Planner	X	X	
Diag Proced Technol II	X	X	X
Dietitian II	X	X	
Dietitian III	X	X	X
Dining Services III	X	X	X

Benchmark Title	Included In FY 2020-21 Study	Published Survey Data	Custom Survey Data*
Dining Services V	X	X	X
Early Childhood Educ I	X	X	
Electrical Trades II	X	X	X
Electrical Trades III	X	X	
Electronic Engineer II	X	X	X
Electronic Engineer III	X	X	X
Electronics Spec II	X	X	X
Electronics Spec IV	X	X	X
Emer Prep & Comm Spec III	X	X	X
Engineer-In-Training I	X	X	
Engr/Phys Sci Asst II	X	X	
Engr/Phys Sci Asst III	X	X	
Engr/Phys Sci Tech I	X	X	
Engr/Phys Sci Tech III	X	X	
Environ Protect Spec II	X	X	X
Environ Protect Spec V	X	X	X
Equipment Mechanic II	X	X	
Equipment Operator II	X	X	X
Equipment Operator IV	X	X	
Fin/Credit Examiner I	X	X	X
Fin/Credit Examiner II	X	X	
Fingerprint Examiner I	X	X	
Food Serv Mgr III	X	X	X
General Labor I	X	X	X
Grants Specialist II	X	X	
Grounds & Nursery I	X	X	X
Hcs Trainee I	No Match For This Level		
Health Care Tech I	X	X	X
Health Professional II	X	X	X
Health Professional III	X	X	
Health Professional IV	X	X	
Health Professional V	X	X	X
Hearings Officer II	X	X	
Human Resources Spec II	X	X	
Human Resources Spec III	X	X	X
Human Resources Spec IV	X	X	
Human Resources Spec VII	X	X	
Inspector I	X	X	
Investment Officer III	X	X	
It Manager	X	X	

Benchmark Title	Included In FY 2020-21 Study	Published Survey Data	Custom Survey Data*
It Professional	X	X	X
It Supervisor	X	X	
It Technician	X	X	
Labor/Employment Spec II	X	X	X
Labor/Employment Spec V	X	X	X
Laboratory Support I	X	X	X
Laboratory Technology II	X	X	
Landscape Architect I	X	X	
Legal Assistant li	X	X	X
Librarian I	X	X	
Library Technician I	X	X	
Lif/Soc Sci Rsrch/Sci III	X	X	
Lif/Soc Sci Rsrch/Sci IV	X	X	
Ltc Operations I	X	X	
Ltc Trainee I	X	X	X
Machining Trades II	X	X	
Machining Trades IV	X	X	
Management	X	X	
Materials Handler I	X	X	
Media Specialist II	X	X	X
Media Specialist V	X	X	
Medical Records Tech II	X	X	
Mid-Level Provider	X	X	X
Mktg & Comm Spec III	X	X	
Mktg & Comm Spec V	X	X	
Mktg & Comm Spec VI	X	X	X
Museum Guide	X	X	
Nurse Consultant	X	X	
Nurse I	X	X	X
Nurse II	X	X	
Nurse V	X	X	X
Office Manager I	X	X	
Park Manager II	X	X	X
Park Manager IV	X	X	
Pharmacist III	X	X	
Pharmacy Technician I	X	X	X
Phy Sci Res/Scientist I	X	X	
Phy Sci Res/Scientist II	X	X	X
Phy Sci Res/Scientist III	X	X	
Physician II	X	X	

Benchmark Title	Included In FY 2020-21 Study	Published Survey Data	Custom Survey Data*
Pipe/Mech Trades II	X	X	X
Pipe/Mech Trades III	X	X	
Police Communication Tech	X	X	
Production I	X	X	X
Production V	X	X	
Prof Land Surveyor I	X	X	
Professional Engineer II	X	X	
Professional Engineer IV	X	X	
Program Assistant I	X	X	X
Program Assistant II	X	X	
Project Coordinator	X	X	X
Project Manager I	X	X	
Project Planner I	X	X	
Property Tax Spec II	X	X	
Psychologist I	X	X	X
Psychologist II	X	X	
Pub Hlth Med Admin I	X		
Purchasing Agent II	X	X	
Purchasing Agent III	X	X	
Purchasing Agent IV	X	X	
Purchasing Agent VI	X	X	
Rate/Financial Anlyst II	X	X	
Rate/Financial Anlyst III	X	X	
Rate/Financial Anlyst V	X	X	
Real Estate Spec IV	X	X	
Real Estate Spec VI	X	X	
Records Administrator I	X	X	
Rehabilitation Couns I	X	X	
Rehabilitation Couns II	X	X	
Rehabilitation Supv I	X	X	X
Rehabilitation Supv II	X	X	
Retail Bus Rep	X	X	
Safety Security Off I	X	X	
Safety Security Off III	X	X	
Safety Specialist II	X	X	X
Safety Specialist III	X	X	X
Safety Specialist IV	X	X	
Sales Assistant III	X	X	
Sales Manager II	X	X	
Scheduler	X	X	

Benchmark Title	Included In FY 2020-21 Study	Published Survey Data	Custom Survey Data*
Scint Prgmr/Anlst II	X	X	X
Scint Prgmr/Anlst IV	X	X	X
Security I	X	X	
Security III	X	X	
Service Dispatcher	X	X	
Social Work/Counselor II	X	X	X
Social Work/Counselor III	X	X	X
State Teacher I	X		
Statistical Analyst II	X	X	X
Statistical Analyst IV	X	X	
Structural Trades I	X	X	X
Structural Trades II	X	X	X
Technician II	X	X	
Technician III	X	X	X
Technician IV	X	X	
Therapist II	X	X	X
Therapist III	X	X	X
Therapy Assistant II	X	X	
Therapy Assistant IV	X	X	
Training Specialist III	X	X	X
Training Specialist V	X	X	
Transportation Mtc I	X	X	X
Transportation Mtc II	X	X	X
Utility Plant Oper I	X	X	
Veterinarian I	X	X	
Veterinarian II	X	X	
Veterinary Technology I	X	X	
Veterinary Technology II	X	X	
Wildlife Manager I	X	X	X
Wildlife Manager III	X	X	
Wildlife Manager V	X	X	X
Youth Serv Counselor I	X	X	X

*5 data points required to summarize information from the custom survey

Custom Survey Participation Overview

Organization Name	Participated in FY 2020-21 Survey
Adams County SD-50	
Adams 12 Five Star Schools	X
Air Methods	
Alterra (Formerly: Intrawest Us Holding)	
Animal Health International Inc	
Apartment Investment & Management Co.	
Arapahoe County	
Ardent Mills, LLC	
Aurora Public Schools	
Ball Corp	
Bioscrip, Inc.	
Boulder Community Health	X
Cherry Creek School District	
City And County Of Denver	
City Of Arvada	X
City Of Aurora	X
City Of Boulder	X
City Of Centennial	
City Of Colorado Springs	X
City Of Fort Collins	
City Of Grand Junction	
City Of Greeley	
City Of Lakewood	X
City Of Pueblo	X
City Of Thornton	
City Of Westminster	X
Cobank	
Colorado Permanente Medical Group, P.C.	
Colorado Springs Utilities	X
Compassionate International	
Coors Tek	X
Corecivic (Correction Corp- For Profit, Private Prison)	
Cpi Card Group - Colorado, Inc.	
Csg Systems	
Colorado State University	X
CU	
Danone	
Davita Health Care	

Organization Name	Participated in FY 2020-21 Survey
DCP Midstream	
Denver Public Schools	
Denver Water	X
Dish Network	
Douglas County	
Douglas County SD	
Echostar Corporation	X
El Paso County	X
Encana Corporation	X
Ensign United States Drilling, Inc.	
Envision Healthcare	
Frontier Airlines	
GCC Of America, Inc.	
Graebel Companies	
Great-West	
HB Management	
Healthgrades Operating Company, Inc.	X
Hensel Phelps Construction Company	
IHS Inc	
IMI Americas Inc.	
Intandem HR, LLC	
Jacobs Engineering Group	
Janus Capital Group Inc.	
Jefferson County SD	
Junior Achievement, USA	
Kinross Gold Usa, Inc	
Laplata County	
Level 3 Communications	
Liberty Media	
M.D.C. Holdings, Inc.	
Markwest Hydrocarbon, Inc	
Maxar Technologies	
Mercy Housing, Inc.	
Mesa County	
Molson Coors Brewing	
Molycorp Inc	
National Jewish Health	
Newmont Goldcorp	X
Oasis Outsourcing	
OFI Global Asset Management, Inc.	
Optiv Security	

Organization Name	Participated in FY 2020-21 Survey
Parkview Medical Center Inc	
PCL Contraction Enterprises	
Peliton HR Administration LLC	
Pueblo County	X
Qualfon USA	
Routt County	
Sage Hospitality	
Startek	
State Of Alabama	
State Of Arkansas	
State Of Arizona	
State Of Indiana	X
State Of Kansas	X
State Of Louisiana	X
State Of Montana	
State Of Nebraska	
State Of New Mexico	
State Of North Carolina	
State Of North Dakota	X
State Of Oklahoma	
State Of Oregon	
State Of South Dakota	X
State Of Utah	
State Of Wisconsin	X
State Of Wyoming	
Summit County Government	X
Summit Materials	
Synergy Services	
Teletech	
Terumo Bct	
Tri-State Generation & Transmission Association. Inc.	X
UDR, Inc.	
United Launch Alliance	X
University Of Denver	X
US Govt.	
US Govt.- Bureau Of Prisons	
US Govt.- Congressional Budget Office	
US Govt.- Department Of Interior	
US Govt.- Department Of Labor	
US Govt.- General Services Administration	
US Govt.- General Services Administration; Cabs	

Organization Name	Participated in FY 2020-21 Survey
US Govt.- National Labor Relations Board	
US Govt.- Office Of Personnel Management (OPM EEs Only)	
US Govt.- Pension Benefit Guaranty Corporation	
US Govt.- Social Security Administration	
Vail Resorts	
Vivage Quality Health Partners	
Weld County	
Weld County SD	
Western Union	
Westmoreland Coal Co.	
Whiting Petroleum Corporation	
Zayo Group Holdings	X

Published Survey Participation Overview

The information below is an outline of participation information as provided and available from each published survey in the GBS database.

CompData

Gallagher purchased the BenchmarkPro survey, which includes salary data that is cross-industry and represents more than 30,000 organizations and 11.9 million employees across the United States. The following table is a breakdown of estimated number of Colorado participants in the BenchmarkPro-West Region survey:

Survey Title	Number of Private Sector, Colorado Based Participants	Number of Public Sector, Colorado Based Participants
CompData BenchmarkPro -- West Region	74	10

Mercer

Survey Title	Number of Participating Organizations
Finance, Accounting, and Legal	1,448
Information Technology	1,431
South Central	857
Healthcare Provider Individual Contributors	1,708
Human Resources	1,422
Engineering and Design	923

Industry	Representation (%)
Services (Non-Financial)	32%
Other Manufacturing	13%
Consumer Goods	7%
Retail & Wholesale	7%
High Tech	6%
Insurance/Reinsurance	6%
Other Non-Manufacturing	7%
Banking/Financial Services	5%
Energy	6%
Transportation Equipment	3%
Chemicals	2%
Life Sciences	3%
Logistics	2%
Mining & Metals	1%

Willis Towers Watson

Willis Towers Watson no longer publishes participation breakouts for access, thus it is not possible to provide a summary here. Based on Gallagher's experience and prior year participation summaries, Willis Towers Watson surveys are typically comprised of thousands of participating organizations, with the majority of participants being in the private sector.

Retirement

Methodology for Valuation of Defined Benefit Plans

Survey participants provided the respective benefit formula and key plan provisions for their defined benefit plan. In order to determine and compare the value of such benefits, all plans were valued on a consistent basis. The characteristics below are intended to show the full benefit earned through normal retirement. The compensation of \$55,000 is largely irrelevant, as retirement benefits are compared as a percentage of such compensation.

- For each plan, Gallagher projected retirement benefits for the same sample participant with the following characteristics:
 - Currently earning \$55,000 per year in plan compensation
 - Currently age 45
 - Hired at age 35
 - Retirement age of 65
- Salary increases of 4% annually were assumed. While this may not necessarily be the best assumption for a particular job class, age group, or service level, this assumption is intended to be reasonable overall for benefits comparison purposes.
- Gallagher assumed the form of benefit at retirement age was a life annuity with no survivor benefit.
- If plans provide a cost of living adjustment (COLA) to retirees, then we assumed a COLA of 2% annually.
- The value of the total benefit earned through age 65 was calculated, and such value was then converted to a consistent percent of pay throughout the sample participant's career. For these calculations, an interest rate of 6% and the 417(e) unisex mortality table for 2018 were used.
- If any employee contributions were required for participation, then such contribution percentage directly decreased the value received by the sample participant as a percentage of pay.
- Gallagher assumed that all plans have the same definition of compensation.
- No ancillary benefits were valued for any plan. This would include, for example, any death, disability or subsidized early retirement benefit provided under a plan.

Methodology for Valuation of Defined Contribution Plans

Survey participants provided the respective benefit formula and key plan provisions for their defined contribution plan. These were typically a flat percentage of pay or a matching contribution. The value provided by each plan was determined as follows:

- If a plan required and/or allowed employee contributions only (no employer contributions), this is considered to be no value provided to the participant.
- If the employer contributes a flat percentage of pay independent of any employee contribution, then such percentage is considered an ongoing value provided by the employer.
- If the employer contributes based on a matching formula dependent on employee contributions, the maximum attainable match to be the value provided by the employer was considered.

Medical Benefits

State of Colorado Coinsurance & Copay Comparison to Market

	Market Coinsurance		Market Copay		State of Colorado Coinsurance		State of Colorado Copay	
	Median	Average	Median	Average	Median	Average	Median	Average
PCP Office Visit	80%	82%	\$25	\$25	80%	80%	\$30	\$30
Specialist Office Visit	80%	82%	\$40	\$40	80%	80%	\$50	\$50
Emergency Room	80%	82%	\$200	\$214	80%	80%	\$500	\$500
Inpatient Hospital	80%	83%	\$250	\$345	80%	83%	\$1,000	\$1,000
Outpatient Surgery Facility	80%	84%	\$225	\$269	80%	83%	\$1,000	\$1,000
Outpatient Surgery Physician	80%	83%	***	***	80%	83%	***	***
Preventive Care	100%	100%	***	***	100%	100%	***	***
Diagnostic Lab/X-Ray	85%	86%	***	***	80%	83%	***	***
Skilled Nursing	80%	83%	***	***	80%	83%	***	***
Advanced Imaging	80%	84%	\$100	\$117	80%	83%	***	***
Speech Therapy	80%	82%	\$25	\$29	80%	80%	\$30	\$30
Physical Therapy	80%	82%	\$25	\$29	80%	80%	\$30	\$30
Prescription Drug: Generic (Retail)	80%	78%	\$15	\$12	***	***	\$10	\$10
Prescription Drug: Brand (Retail)	80%	66%	\$40	\$36	***	***	\$30	\$30
Prescription Drug: Non-Preferred Brand (Retail)	65%	63%	\$60	\$59	***	***	\$50	\$50
Prescription Drug: Specialty (Retail)	60%	57%	\$75	\$85	20%	20%	***	***
Prescription Drug: Generic (Mail Order)	80%	81%	\$20	\$24	***	***	\$20	\$20
Prescription Drug: Brand (Mail Order)	80%	67%	\$70	\$73	***	***	\$60	\$60
Prescription Drug: Non-Preferred Brand (Mail Order)	60%	63%	\$120	\$131	***	***	\$100	\$100
Prescription Drug: Specialty (Mail Order)	80%	67%	\$75	\$103	20%	20%	***	***

***Not applicable

**State of Colorado Plan Deductible & Out-of-Pocket Maximum
Comparison to Market**

	Individual		Family	
	Median	Average	Median	Average
Medical Plan Deductible	\$1,000	\$1,143	\$2,000	\$2,419
Medical Plan Out of Pocket Maximum	\$3,000	\$3,439	\$6,550	\$7,067
State of Colorado Deductible	\$1,500	\$1,313	\$3,000	\$2,625
State of Colorado Out of Pocket Maximum	\$3,000	\$3,250	\$6,000	\$6,500

Sick Leave, Vacation Leave & Other Leave Benefits

Leave Conversion & Payout Information

Market Sick Leave	
	Prevalence
Conversion to Vacation Allowed	40%
Conversion Type	
Reduced Cash out	83%
Dollar for Dollar	17%

Sick Leave Conversion	
	Mode
Reduction Rate	50%

Payout at Termination				
	25th Percentile	50th Percentile	Average	75th Percentile
Personal/Vacation Leave	100%	100%	100%	100%
Sick Leave	25%	38%	35%	50%
Combined Personal/Vacation and Sick Leave	***	***	***	***

*** Insufficient data for confidential reporting

Annual Cash out Allowed*		
	Market Prevalence	State of Colorado
Vacation Days	16%	No
Sick Days	15%	No

*Vacation and Sick cash out hours were unreportable

Holidays

	Market Prevalence	State of Colorado
Paid Holidays Offered	97%	Yes
Holidays Offered		
New Year's Day	100%	Yes
Martin Luther King Day	79%	Yes
President's Day	59%	Yes
Good Friday	10%	No
Memorial Day	100%	Yes
Independence Day	100%	Yes
Labor Day	100%	Yes
Columbus Day	24%	Yes
Veteran's Day	52%	Yes
Thanksgiving Day	100%	Yes
Day after Thanksgiving	72%	No
Christmas Eve	41%	No
Christmas Day	100%	Yes
New Year's Eve	31%	No
Floating Holiday	38%	No

*Agency directors in the State have the discretion to grant requests for Cesar Chavez Day in lieu of another holiday within the same fiscal year.

Healthcare Management

Most Important Challenges Faced in Managing Healthcare Costs	Prevalence	State of Colorado
High cost of medical services	70%	Yes
High cost of prescription drugs	67%	Yes
High cost of specialty drugs	52%	Yes
Unhealthy covered population (employees and dependents)	33%	No
Lack of employee selection of the most cost-effective health options (network providers, generic drugs, etc.)	33%	No
Lack of transparency in hospital and physician pricing	19%	No
Need for high-cost benefit plans to attract and retain top talent	11%	No
Lack of data-driven insights to help identify needed benefit changes	7%	No
Reluctance of senior management to take bold cost-management actions	4%	No
Others	7%	No

Current Cost-Control Tactics Used	Prevalence	State of Colorado
Offer telemedicine	77%	Yes
Provide wellbeing incentives	70%	Yes
Offer disease management programs	67%	No
Increase employee cost share through plan design changes	53%	No
Provide employees with healthcare decision support	47%	No
Provide employees with cost transparency tools	47%	No
Increase employee contribution to the cost of premiums	43%	Yes
Perform eligibility audits	43%	Yes

Current Cost-Control Tactics Used	Prevalence	State of Colorado
Perform claims audits	33%	Yes
Increase deductibles and offer employee-paid supplemental benefits	30%	Yes
Designate Centers of Excellence (expert facilities or providers specializing in complex care)	23%	Yes
Use narrow provider networks	17%	Yes
Offer second opinions services	17%	Yes
Provide nonsmokers a discount on premiums (smoke or tobacco surcharge)	17%	Yes
Integrate health and disability management programs	13%	Yes
Change plan carriers	7%	No
Apply a surcharge or exclusion for spouses with access to other coverage	3%	No
Use reference-based pricing for healthcare services	0%	No
Apply for a separate charge per dependent	0%	No

Value-Based Health Management Tactics Currently Used:	Prevalence	State of Colorado
We don't implement value-based tactics	50%	No
Reduce employee costs for prescription drugs to treat high-cost chronic conditions (e.g. diabetes)	23%	Yes
Reduce employee costs for using designated center of excellence for certain medical procedures	14%	No
Offer second opinion programs for employees diagnosed with certain conditions	14%	No
Reduce employee costs for certain elective procedures (e.g. knee replacement) if the patient participates in a decision-support consultation about the procedure	0%	No
Cover employee costs for generic testing	0%	No
Other	9%	No

Cost-Control Tactics to Implement Within Two Years (2020-21):	Prevalence	State of Colorado
Increase employee contribution to the cost of premiums	52%	No
Provide wellbeing incentives	52%	No
Increase employee cost share through plan design changes	48%	Yes
Use narrow provider networks	30%	Yes
Provide employees with healthcare decision support	30%	No
Perform claims audit	26%	No
Increase deductibles and offer employee-paid supplemental benefits	22%	No
Offer telemedicine	22%	Yes
Provide employees with cost transparency tools	22%	No
Perform eligibility audits	22%	No
Offer second opinion services	22%	No
Offer disease management programs	17%	No
Change plan carriers	13%	No
Designate centers of excellence (expert facilities or providers specializing complex care)	13%	No
Provide nonsmokers a discount on premiums (smoke or tobacco surcharge)	13%	No
Use reference-based pricing for healthcare services	4%	Yes
Integrate health and disability management programs	0%	No
Apply a separate charge per dependent	0%	No
Apply a surcharge or exclusion for spouses with access to other coverage	0%	No

System Maintenance Study

In response to an independent assessment, published in the “HB17-1361 Evaluation Report: Evaluation of State IT Resources”, a system maintenance study was conducted to review the Electronic Engineer, Electronics Specialist, and Customer Support Coordinator series as common classifications existing in both centralized IT and in the agencies. The report specified that these three classifications were too broad and encompassed skill sets that are integral to the work of agencies like the Departments of Public Safety, Transportation, and Corrections. The report stated that the primary reason some full-time employees, classified as IT, remain in State agencies is because their defined job classification is not sufficient to determine if they are doing IT work that should be the responsibility of OIT. The report recommended the creation of clearly identifiable IT classifications.

Results of the study include the following:

1. The Electronics Engineer and Electronics Specialist series remain in the Physical Sciences and Engineering (PSE) Occupational Group. The Systems Monitoring Coordinator (formerly Customer Support Coordinator) series remains in the Administrative Support and Related Occupational Group until the IT deconsolidation occurs. The new Telecommunications Engineer and Telecommunication Specialist series are placed in the PSE Occupational Group until the IT deconsolidation occurs. The new Business Application Support Specialist series is placed in the Professional Services Occupational Group.
2. The class descriptions for the Electronics Engineer, Electronics Specialist, and Systems Monitoring Coordinator (formerly Customer Support Coordinator) were revised. The new class descriptions for Telecommunications Engineer, Telecommunications Specialist, and Business Application Support Specialist were created.
3. Class Conversion and/or Placement Class placement is the movement of positions in the former class to the appropriate new class for the purpose of realigning and maintaining the accuracy of the job evaluation structure. Class placement is based on the panel evaluation of position descriptions. In Spring 2020, the Division of Human Resources on behalf of the Director will work with individual agencies to complete placements. Class placement results will be implemented on July 1, 2020.

The fiscal impact to implement this study is addressed in the FY 2020-21 Cost Projections section of this report. The Narrative Report is posted on the Division of Human Resources website at <https://www.colorado.gov/dhr/sms>.