

FY 2022-23

Annual Compensation Report



State of
COLORADO



COLORADO
Department of Personnel
& Administration

September 15, 2021

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 annual compensation process is to determine any necessary adjustments to State employee salaries, State contributions for benefits plans, and merit pay. The report is based on the analysis of survey data from private and public organizations to compare the total and component values and costs of the State's total compensation package.

For FY 2022-23, the State retained Mercer to conduct the annual compensation study and compare the value of the total compensation package provided to State employees to the market.

The State's policy is 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 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 midpoint, 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 estimated to be 2.8% below the prevailing market. The average base salary is 6.5% below the prevailing market, medical is equal to the prevailing market and retirement is valued at 18.0% of base pay compared to 20.0% of base pay in the public market and 14.0% of base pay in the private market.

On average, base pay accounts for 69.0% of the State's total compensation package. Benefits account for 31.0%.

	State of Colorado	Market Composite	Variance between State and Market
Total Compensation Value	\$100,772	\$103,723	-2.8%



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 competitive with the market. 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, as well as confer with the Colorado Workers for Innovative and New Solutions (Colorado WINS), to develop a recommendation for the appropriate amount of funding for any annual salary and benefit increases for FY 2022-23. 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 2022-23.

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, Colorado WINS, Carolyn Kampman, Robin Smart

ABOUT THIS REPORT

The State of Colorado (State) FY 2022-23 Annual Compensation Report includes study findings prepared by Mercer 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 value 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, 2022.

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 of the State's total compensation package and each individual component of the package (e.g. medical and retirement benefits), against private companies, other states, and local municipalities. For this year's report, the State retained Mercer to conduct the FY 2022-23 compensation study. This report includes relevant findings and analysis from Mercer.

Overall, Mercer found the State's total compensation package is 2.8% below prevailing market total compensation, which is within a highly competitive range with the market. Individual components of the total compensation package may warrant additional consideration. Additionally, individual job classes that are not competitive must be researched and monitored.

Base salary accounts for 69.0% of the State's total compensation package and for FY 2022-23, Mercer estimated that the State's average base salary lags the market median by 6.5%. This aggregate estimate places the State's base salary within a competitive range with the market. In addition, Mercer estimated that base salary compensation for each of the State's occupational groups, except Administrative Support & Related is within a competitive range. The Administrative Support & Related benchmark base salaries lag the market by 11.1%. This places the occupational group in the potentially misaligned category.

Kara Veitch
State Personnel Director and Executive Director

Tobin Follenweider
Deputy Executive Director

Lynne Steketee
Statewide Chief Human Resources Officer



COLORADO
**Department of Personnel
& Administration**

HOW TO USE THIS REPORT

This report provides a statewide overview of a set group of benchmark jobs. The data in this report is rolled up into an aggregate that is representative of the State's current position or comparison to the market. It also provides an employee an idea of the value of their total compensation package.

This report provides a roadmap to look at a more granular level and provide recommendations regarding compensation and benefits. To say that the State is -6.5% behind the market in base salary does not mean that the recommendation should be to adjust all salaries by 6.5% to be equal to the market. This is because some benchmarks will be above the market and some will be below the market. A deeper look at individual benchmarks must be taken.

The underlying data that is aggregated in this report allows the State to review individual benchmarks and employee data. For example, if a benchmark job is showing a market lag of -15.0%, several factors, must be evaluated before a specific recommendation can be made.

- Employee data must be verified
- Benchmark comparisons must be verified
- Position in range should be reviewed
- Localized labor market data such as job postings must be reviewed
- Turnover should be looked at
- A compression analysis should be completed, including internal equity
- Internal equity should be reviewed
- Supply and demand of talent should be reviewed
- Time to move to midpoint should be reviewed
- The entire class series must be reviewed; not just the benchmark classifications

An individualized plan would then be created, as it is unlikely that the recommendation would be for all incumbents to get a 15.0% increase. It may also be possible that based on low turnover and other factors, a recommendation for an increase is not made at all. Another possibility is that it could be determined that the benchmark job is showing a large lag or lead because it needs to be moved to another pay range, or maybe the incumbents should be reclassified.

Under the same consideration, if a job shows that it is being paid above the market it does not mean that base salary increases do not need to be considered if there is difficulty recruiting and retaining employees. Localized job postings may show that the market rate for jobs is significantly higher or that there may be sign-on bonuses for employees. These things all need to be considered when making recommendations.

This report also gives the State a comparison to the market in areas such as leave, medical benefits, and retirement. This helps with State with plan design and helps guide the allocation of State dollars. The State must look at all features, including base salary, to determine the total rewards package.

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INTRODUCTION

State employees are the cornerstone for ensuring that State government is bold, consistent, joyous, and operates with no unforced errors. To ensure the State is able to recruit and retain a strong and diverse workforce, the Director is required by law to provide an annual compensation report that reflects adjustments that may be required to maintain the salary structure, prevailing State contributions for group benefit plans, base salary adjustments, and merit pay for the upcoming fiscal year. The report is based on an annual study of total compensation in the market that evaluates prevailing total compensation practices, levels, and cost. This report is provided for FY 2022-23 compensation structure and adjustments. It should be noted that while the pandemic is still going on, little to no impact has been reported in regards to base pay increases in the market. Multiple reports show that salaries in FY 2021-22 increased on average by 3.0% and salaries in FY 2022-23 are projected to increase on average 3.0 to 3.3%

Like the comprehensive study performed for FY 2020-21 and maintenance study performed in FY 2021-22, this year's study methodology includes:

- Relevant labor market data - public and private employers with consistent aging and geographical adjustments
- Recent data - no data more than two years old, where possible
- All relevant forms of total compensation for which annual variance is typically measurable
- When possible, at least three employer matches were made for each benchmark class

The State of Colorado ("State") partnered with Mercer to benchmark its compensation program so it is both aligned with the external market and internally equitable; this study includes a review of both cash compensation and benefits.

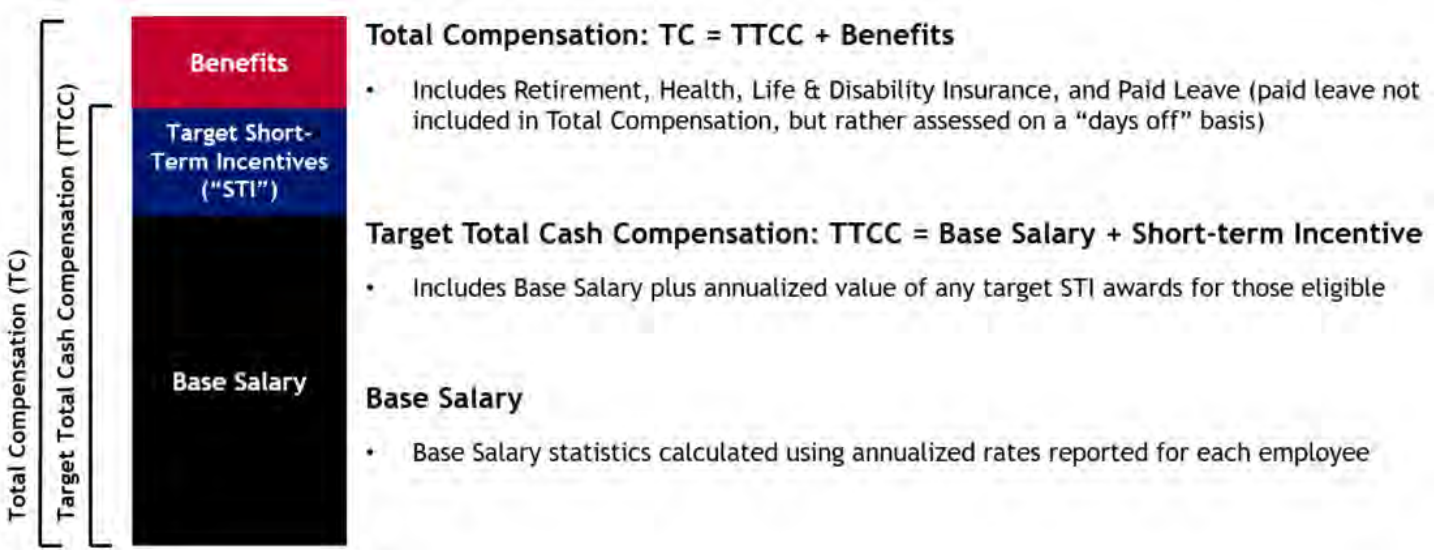
Cash Compensation

- The State asked Mercer to review and benchmark 205 benchmark jobs (covering ~57% of employees) to the external compensation market
- The following steps were taken to ensure appropriate external market comparability:
 - Determined appropriate benchmarking methodology (i.e. survey sources, data scopes, weightings, data elements, and use of premiums and discounts) to be used in the study
 - Reviewed State job descriptions in order to understand job responsibilities and requirements
 - Matched State jobs to selected compensation survey jobs
 - Reviewed matches with the State HR team
 - Made revisions to the matches based on feedback from the State
 - Developed a gap analysis of State job base salaries and total cash vs. the market
 - Mercer also reviewed the State's current pay plan and pay administration practices

Benefits

- Mercer prepared a detailed review of the State Employees Group Benefits Plans, analyzing both plan features and benefit levels in comparison to practices between two comparison markets.

Total Compensation Elements





















EXECUTIVE SUMMARY

Competitiveness to Market - Compensation Benchmarking Results

While competitiveness varies by job, in aggregate, the State is:

- 6.5% below the 50th percentile (market median) for base salary
- 8.4% below the market median for target total cash compensation ("TTCC")
- 2.8% below the market median for total compensation ("TC"); positioning improves from TTCC to TC due to a competitive benefits program

Competitiveness to Market - Benefits Benchmarking Results

State of Colorado		Public Sector		Private Sector
Retirement		<ul style="list-style-type: none"> Total annualized employer-paid benefit from the DB plan of 18% of pay is slightly below the public market median (20% of pay) 		<ul style="list-style-type: none"> Total annualized employer-paid benefit from the DB plan of 18% of pay is above the private market median (14% of pay, including Social Security)
Medical		<ul style="list-style-type: none"> Providing multiple plan options (HMO, PPO, and HDHP plans) is aligned with public market practice Plan provisions (deductibles, limits, coinsurance) are generally at or below public market median; however, the employee cost-share is more generous leading to an overall value aligned with public market median 		<ul style="list-style-type: none"> Providing multiple plan options (HMO, PPO, and HDHP plans) is aligned with private market practice Plan provisions (deductibles, limits, coinsurance) are generally at or below private market median; however, the employee cost-share is more generous leading to an overall value slightly above private market median
Retiree Medical		<ul style="list-style-type: none"> Providing employer-subsidized coverage (both pre and post-65) is above public market practice 		<ul style="list-style-type: none"> Providing employer-subsidized coverage is above private market practice
Dental		<ul style="list-style-type: none"> Below-market deductible is offset slightly by above-market plan maximums, but the overall plan value is below public market 		<ul style="list-style-type: none"> Market-aligned deductible and above-market maximums are offset by below-market employee cost-share
Vision		<ul style="list-style-type: none"> Subsidizing Vision benefits through a Medical plan is above public market practice 		<ul style="list-style-type: none"> Subsidizing Vision benefits through a Medical plan is above private market practice
Life		<ul style="list-style-type: none"> Coverage level of 1x pay is aligned with public market practice 		<ul style="list-style-type: none"> Coverage level of 1x pay is aligned with private market practice
Short-Term Disability (State Plan)		<ul style="list-style-type: none"> Coverage level of 60% is aligned with public market practice 		<ul style="list-style-type: none"> Coverage level of 60% is aligned with private market practice
Long-Term Disability		<ul style="list-style-type: none"> Employer-paid coverage is provided through PERA but lack of employer-paid coverage for DC participants is below public market 		<ul style="list-style-type: none"> Employer-paid coverage is provided through PERA but lack of employer-paid coverage for DC participants is below private market
Paid Leave		<ul style="list-style-type: none"> Total days off are generally slightly below public market median 		<ul style="list-style-type: none"> Total days off are generally slightly above private market median

KEY:



Above Market



Aligned with Market



Below Market

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 annualized relative value of each employer-paid benefit were computed for the State and the market based on premium cost share, coverage levels, and other key plan provisions.

Total compensation is a combination of base salary, incentives 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 merit, 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, accidental death and dismemberment insurance, and 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

Survey Benchmarks

The annual survey process 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 2022-23, Mercer and the State identified 205 benchmark job classes. They were chosen using the following guidelines for benchmark selection including:

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

While data were collected for 250 jobs, 205 jobs were designated as benchmark jobs, representing 30.1% of the State's 680 job classes. The remaining 45 jobs were provided as a market reference for jobs in Occupational Groups such as Information Technology. This number of benchmarks is sufficient to establish a valid representation of the State's jobs in comparison to the market. The 205 benchmarked jobs represent 57% of the classified employee population.

Additionally, Mercer collected market data for 100% of the benchmark jobs. The selected benchmark jobs represent anchor points used for making overall State salary comparisons with the market.

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

Survey Data Collection & Job Matching

The survey process begins with identifying the core group of jobs within the State's personnel system to be used as benchmarks for conducting salary data comparisons with other employers in the market. Benchmark jobs are State jobs that are comparable to those readily identifiable and commonly found in the marketplace. Benchmark jobs are used to compare the State's salaries in relationship to the market and to validate the State's internal pay structure.

They were selected using the following guidelines:

- Representation of all jobs classes and levels throughout the organization
- Highly populated jobs
- Jobs found in most organizations

Survey data was collected using the following steps:

- Compared benchmark job summaries to comparable job matches from the surveys
- Reviewed 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*, Mercer utilized only those jobs that match at least 80% of the duties, responsibilities, and functions as outlined in the benchmark job summary.

Mercer 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. Because published surveys do not report data without five job matches, using one published survey, where necessary, is sufficient to draw reliable conclusions.

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 2022-23 study, Mercer defined the primary labor market for which market data was collected using credible published survey sources and a custom comparison group for the benefits analysis.

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

For this report, all data was aged to a common effective date using standard aging factors described in the following sections.

PUBLISHED SURVEYS USED FOR MARKET SALARY COMPARISON	
2021 CompData Benchmark Pro Survey Library	2020 Bureau of Labor Statistics Occupational and Wage Statistics
2020 Mercer Benchmark Database	2021 Employers Council Public Employers Compensation Survey
2021 Employers Council Colorado Benchmark Compensation Survey	2021 Employers Council Information Technology Compensation Survey
2020 National Compensation Association of State Governments (NCASG) Survey	2020 Willis Towers Watson Survey Library

Survey Data-Cuts

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. To ensure a robust sample size and diminish the impact of year-over-year changes to survey data reporting, Mercer utilized the following approach:

- Reviewed national data for each survey job and blended public and private data cuts, where available
- Applied geographic differentials to the State of Colorado

Geographical Adjustments

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. Mercer 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.

Aging Adjustments

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, 2022 using the Mercer prevailing market trend of 3% per year for actual salaries and 2% per year for salary ranges. The State uses the median because outliers, or extreme values on either the high or the low end, have a bigger effect on the mean and less on the median.

Survey Scopes

In accordance with professional standards, appropriate market data for job matches and data-cuts for each benchmark job was collected by Mercer. In order to accurately reflect prevailing market rates, Mercer's methodology utilized a 50/50 blend of for-profit and public sector/not for profit scopes, where available.

- 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, 2022
- 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 the State pays above the market
- Negative (-) figure indicates that the State 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 were used:

- +/-5% = Highly Competitive
- +/-10% = Competitive
- +/-10-15% = Potential misalignment with market
- >15% = Significant misalignment with market

This scale can be utilized for comparing individual benchmark jobs 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 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. In the instance that a classification falls beyond the 15% variance, the State may conduct a system maintenance study to identify trends.

Market Comparison Groups

The State and Mercer determined two market comparison groups for collecting and comparing prevailing market information necessary to calculate annualized benefit values. Market data was gathered using a combination of custom survey solicitation and research from organizations Mercer's *US Benefits Benchmarking Database* for the following:

- Public sector (other local, state, and federal government)
- Private sector (companies headquartered in Colorado)

PUBLIC SECTOR COMPARISON GROUPS	
City and County of Denver	State of Kansas
City of Arvada	State of Michigan
City of Boulder	State of Nebraska
City of Grand Junction	State of New Mexico
City of Greeley	State of North Carolina
City of Pueblo	State of Oklahoma
City of Colorado Springs	State of Oregon
Colorado State University	State of South Carolina
Denver Public Schools	State of Tennessee
Denver Water	State of Texas
Federal Agencies of Colorado	State of Utah
State of Arizona	State of Washington
State of California	State of Wyoming
State of Florida	State of West Virginia
State of Georgia	University of Colorado at Boulder

PRIVATE SECTOR COMPARISON GROUPS	
Boulder Community Health	Liberty Global, Inc.
Centura Health	Noodles and Company
Cimarex Energy Company	Ovintiv, Inc.
Colorado Rockies Baseball Club	Professional Case Management
CoBank, ACB	PDC Energy, Inc.
CPI Card Group, Inc.	QEP Resources, Inc.
Crocs, Inc.	Renewable Energy Systems Americas
DaVita, Inc.	SCL Health
DCP Midstream, LP	SM Energy Company
Denver Health	Stonebridge Hospitality Associates
DISH Network Corporation	UCHealth
Gates Corporation	UDR, Inc.
Kaiser-Colorado	University of Denver

Benefits data reflects employer-paid benefits provided to newly-hired employees (i.e., legacy benefits provided to a closed group of employees are not included).

Mercer reviewed the benefits provided to State of Colorado employees, analyzing both plan features and benefit levels for:

- Retirement (Defined Benefit/Defined Contribution plans)
- Health Group (Medical, Dental)
- Life & Disability Insurance
- Paid Leave (not included in total compensation but rather assessed on a total days off basis)

Valuation of Retirement Benefits

The State 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: Defined Benefit (DB) plan or the Defined Contribution (DC) plan.

For each job, Mercer calculated projected retirement benefits based on the actual salary/age characteristics based on the State's census; in addition, Mercer used the following assumptions:

- Salary increases of 3% annually
- Cost-of-living adjustment (COLA) for the State of 1.5%
- Pre-retirement investment return of 6%
- Post-retirement investment return of 5%
- 417(e) Applicable Mortality Table for 2020
- Employee contribution of 11% to be effective July 1, 2022

Social Security is fully considered for purposes of this study. This means that, when comparing the State to market organizations, both the benefits and cost of Social Security are being valued when applicable for respective organizations.

HISTORICAL TRENDS

TOTAL COMENSATION VALUE					
	FY 2022-23 Full Year (Mercer)	FY 2021-22 Maintenance Year	FY 2020-21 Full Year (Gallagher)	FY 2019-2020 Maintenance Year	FY 2018-19 Full Year (Gallagher)
Total Compensation Value	-2.8%	-16.4%	-11.5%	-9.2%	-5.5%
Base Salary	-6.5%	-11.6%	-4.8%	-7.0%	-6.3%
Market Salary Structure Comparison	-4.0%	-9.1%	-2.5%	-1.7%	1.1%
State Patrol Trooper	-7.0%	-9.7%	-5.6%	-4.6%	-6.6%
Medical Benefits	Equal	Equal	-17.0%	Equal	-3.0%
Dental Benefits	Below market	-5.0%	-3.0%	3.1%	1.0%
Retirement	Below public market - Above private market	-19.3%	-20.6%	-17.0%	9.9%

BASE SALARY BY OCCUPATIONAL GROUP					
	FY 2022-23 Full Year (Mercer)	FY 2021-22 Maintenance Year	FY 2020-21 Full Year (Gallagher)	FY 2019-2020 Maintenance Year	FY 2018-19 Full Year (Gallagher)
Enforcement and Protective Services	8.1%	-0.8%	6.1%	12.8%	13.0%
Healthcare Services	-3.7%	-11.4%	-4.6%	-11.1%	-7.1%
Labor, Trades and Crafts	-5.7%	-13.9%	-6.4%	-10.3%	-7.3%
Administrative Support and Related	-11.1%	-14.2%	-8.1%	-10.1%	-10.4%
Professional Services	-9.0%	-13.9%	-6.8%	-9.8%	-7.1%
Physical Science and Engineering	-2.7%	-13.7%	2.9%	-0.6%	-5.9%
Information Technology	4.8%	-8.4%	-7.8%	-4.7%	-4.9%

SALARY STRUCTURE MARKET COMPARISON

	FY 2022-23 Full Year (Mercer)	FY 2021-22 Maintenance Year	FY 2020-21 Full Year (Gallagher)	FY 2019-2020 Maintenance Year	FY 2018-19 Full Year (Gallagher)
Enforcement and Protective Services	2.8%	-0.2%	6.2%	12.3%	14.7%
Healthcare Services	0.4%	-7.9%	-6.7%	-5.9%	-1.7%
Labor, Trades and Crafts	-2.3%	-9.0%	-2.8%	-0.2%	-1.4%
Administrative Support and Related	-9.5%	-21.1%	-6.5%	-10.3%	-6.8%
Professional Services	-8.0%	-12.8%	-5.0%	-4.1%	-1.1%
Physical Science and Engineering	-1.2%	-11.6%	1.8%	4.3%	7.8%
Information Technology	19.4%	-1.0%	1.0%	3.1%	3.8%

There are many factors that impact fluctuations in data and values from year to year such as:

- Market shifts due to low/high unemployment, competition for talent, cost of labor, etc.
- Stagnant employee pay, i.e., no merit, across-the-board (ATB) increases, no structure adjustments, employees not progressing through the ranges, etc.
- Outdated job classes or misaligned job classes as well as broad banded classes
- Changes in benchmarks or the addition/removal of benchmarks
- The number of incumbents in a position and the position in the range at which they were hired
- The effective date of reported data in the salary surveys - some industries award increases in January
- Custom survey data versus published survey data
- Granting of ATB increases and structure adjustments
- Changes in vendor methodology
- Changes made due to legislative audit findings

The State underwent the State of Colorado Office of the State Auditor: Evaluation of the Colorado Department of Personnel & Administration's Annual Compensation Survey audit for the FY 2020-21 and FY 2021-22 reports. Overall, this was a positive report and the findings were validated.

There were a few things for the State to consider:

- Reviewing benchmark jobs for accurate matches
- Reviewing the use of the custom survey and its impact on year over year changes
- Reviewing the number of data sources for each benchmark job
- Reviewing the use of data older than 24 months
- Reviewing data sources with significant differences between the highest and lowest median data point
- Reviewing the consistent use of data cuts from year to year
- Reviewing data representative of both of public and private sources

For the FY 2022-23 full report year, the State went through the request for proposal process and procured Mercer as the vendor. This is a change in vendor from the last two cycles. In early work with Mercer, the State reviewed the implementation of several of the above items. There were additional changes to the calculations and methodology when looking at total compensation. Benefits/total compensation was calculated for each benchmark job, based on the actual demographics of the State, whereas previously it was calculated for the average job and used a sample profile. The previous total compensation value was the sum of the “prevailing market medians” for each compensation and benefit element. Mercer calculated the total compensation value for each peer and then used the median total compensation value, which is not the same thing as adding up the median individual components, because organizations provide different pay/benefits mixes. Mercer’s total compensation value is the weighted average of the State’s total compensation across all benchmark jobs divided by the market median total compensation across all benchmark jobs.

Additionally, for benefits and retirement valuation, a core set of 30 public employers and 26 private employers was used. This is different from the FY 2021-22 report where data was dependent on employers responding to a custom survey. The FY 2021-22 valuation included 30 employers, 20 public and 10 private. The larger sample size for this report is meant to establish a consistent group of entities, an equal set of both public and private, to be valued each year and to level out the data where the loss of a few from year to year won’t move the data as much. In previous years, when a custom survey was conducted, the valuation was dependent upon entities that responded and this impacted the data from year to year.

Changes in the retirement valuation include:

- Inclusion of a value for Retiree Medical (worth 3%-4% of pay), whereas the prior methodology did not.
- A 5% post-retirement discount rate for the defined benefit lump sum conversion, whereas previously it was 6%. Mercer converted the defined benefit annuity to a lump sum at retirement using a conversion factor based on mortality and discount rate assumptions. The 5% discount rate Mercer used is based on current and long-term expected market returns. Mercer’s Wealth practice conducts extensive research to develop these assumptions. To note: even though current interest rates are lower than 5%, Mercer feels it is an appropriate long-term assumption (and closer to current rates than the prior 6%). While re-running the total compensation calculations and conducting assumption sensitivity testing was outside the scope of this analysis; based on their experience, a 1% decrease in the discount rate typically increases the annualized value of the DB plan by a couple percentage points. This will vary depending on the profile/demographics for each benchmark job (i.e., different impact for jobs with 10 years of service vs. 35 years of service).

While this report provides an overview of the State’s total compensation package and a comparison of components to the market, it is important to look at historical trends and break the data down to smaller parts to get a better understanding of what factors are driving the State’s position within the market. Swings in data do not invalidate the data presented, nor do changes in methodology. It is more important to look at trends over several years versus swings from year to year. The State of Colorado Office of the State Auditor: Evaluation of the Colorado Department of Personnel & Administration’s Annual Compensation Survey June 2021 report suggests that given the number of benchmark jobs surveyed and the total number of data sources referenced in the analysis, the State may expect to see annual movement of overall average compensation in the +/- 2 to 5% range. For historical changes affecting employees, please see page 3 in the Appendix.

TOTAL COMPENSATION VALUE

-2.8%

COMPARED TO
MARKET

Findings & Analysis

The total compensation package includes base salary, incentives, and benefits (retirement, medical, dental, disability, and life insurance). Mercer's valuation focuses on the value provided to State employees, which may be different than the cost to the State for other purposes (e.g., accounting).

Mercer compared the total compensation provided by the State to the prevailing market for each benchmark job.

Total Compensation Value

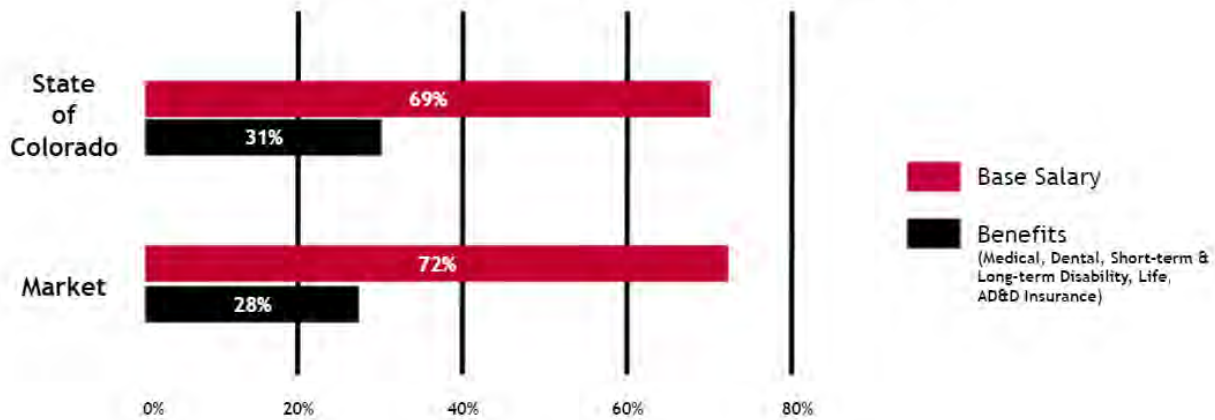
The State is 2.8% below prevailing market levels for total compensation.

The following chart shows the State's base salary, total cash compensation, and total compensation positioning vs. the market median.

BASE SALARY	TARGET TOTAL CASH COMPENSATION	TOTAL COMPENSATION
-6.5%	-8.4%	-2.8%

The following chart provides a graphical representation of the base salary and benefit components that comprise the overall total compensation package for the State and the market. These components are a percentage of total compensation.

State of Colorado vs. Market Total Compensation Package



In Summary:

- Base salary is 69% of total compensation for the State as compared to 72% for the prevailing market
- Benefits (medical, dental, short-term disability, long-term disability and life and AD&D insurance) account for 31% of total compensation for the State as compared to 28% for the prevailing market

BASE SALARY

-6.5%

COMPARED TO MARKET
MEDIAN

Findings & Analysis

State of Colorado employee salaries as of July 1, 2021 were used for this report. Utilizing published survey sources, Mercer collected market data for 205 benchmark jobs. CompData Benchmark Pro, Mercer, 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 data-cuts.

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 SALARY AND MARKET MEDIAN SALARY			
	Market Base 25 th Percentile	Market Base 50 th Percentile	Market Base 75 th Percentile
Overall Percentage Difference Between State Average Base Salary and Market Median Base Salary	10.0%	-6.5%	-19.0%

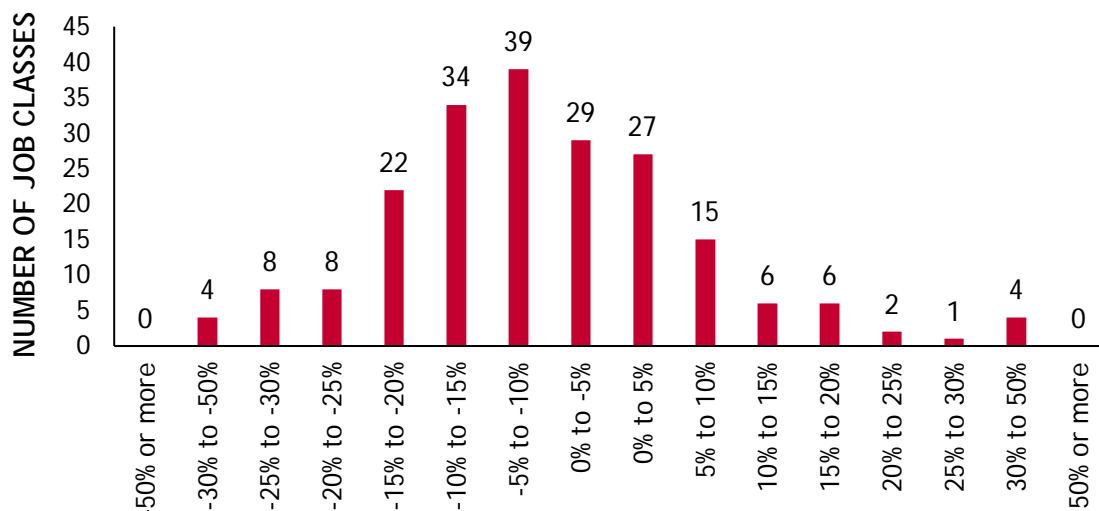
Overall, the State's base salaries on average are 6.5% below the 50th percentile, or median, of the full market. This is considered competitive (+/- 5-10%).

For each benchmark comparison, the percentage difference has been calculated between the State's average actual (base) salary and the market median. Of the 205 benchmarked classifications, approximately 73% (or 150) of the State's benchmark classifications are compensated within +/- 15% of the full market median.

Summary job statistic for base salary are provided below:

+/-5% = Highly Competitive - 27%
+/-5 -10% = Competitive - 26%
+/-10 -15% = Possible misalignment with market - 20%
>15% = Misalignment with market - 27%

COMPETITIVE RANGE: BASE SALARY



JOB VARIANCE TO BASE SALARY MARKET MEDIAN

Occupational Group Comparison with Market Base Salary

The State's 205 benchmarked classifications represent approximately 30% 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 MARKET MEDIAN BASE SALARY		
Occupational Group	% Difference from Market Median	Comparison with Market
Enforcement and Protective Services*	8.1%	within competitive range
Healthcare Services	-3.7%	within highly competitive range
Labor, Trades, and Crafts	-5.7%	within competitive range
Administrative Support and Related	-11.1%	possible misalignment with market
Professional Services	-9.0%	within competitive range
Physical Science and Engineering	-2.7%	within highly competitive range
Information Technology	4.8%	within highly competitive range
State of Colorado	-6.5%	within competitive range

*Does not include State Patrol Troopers

Overall, the State's base pay is competitive with the full market median for classified jobs at -6.5% behind the market. It is recommended that the State review individual benchmark classifications within the occupational groups that are misaligned by a variance greater than +/- 10-15% or greater, with the market to ensure an appropriate recruitment and retention strategy.

The State's market position compared to last year is more in alignment with the market. For this year's report with a new vendor, benchmark jobs were solidified and there is a mix of public and private data which will impact these results in comparison to last year. Last year's report did not include custom public survey data that typically made the data points more comparable to the public sector. This has a great impact on the report year over year. Additionally, an ATB increase of 3% was granted on July 1, 2021.

Base Salary Recommendations

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 2022-23. This market trend is consistent with the Mercer salary budget increase projection for FY 2022-23. Additionally, the State will need to look into the data and consider making targeted increase (market adjustments) recommendations.

TOTAL CASH & INCENTIVE PAY

3.0%

MEDIAN MARKET
INCENTIVE

Findings & Analysis

Mercer 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, and 75th percentile.

OVERALL AVERAGE MARKET INCENTIVE PAY		
Market 25 th Percentile	Market 50 th Percentile	Market 75 th Percentile
2.5%	3.0%	4.0%

Incentive pay for benchmark jobs vary but may include things such as spot awards, employee of the quarter, or a bonus for completing a critical project. Therefore, the following chart illustrates the overall lowest and highest incentive pay (as a percentage of base salary) at market 25th, 50th, and 75th percentiles.

OVERALL MARKET INCENTIVE PAY					
Market 25 th Percentile		Market 50 th Percentile		Market 75 th Percentile	
Lowest Incentive Pay (%) 0.1%	Highest Incentive Pay (%) 19.5%	Lowest Incentive Pay (%) 0.1%	Highest Incentive Pay (%) 14.7%	Lowest Incentive Pay (%) 0.1%	Highest Incentive Pay (%) 15.0%

The overall market trend indicates that incentive pay is 3.0% 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.

STATE AVERAGE TOTAL CASH COMPENSATION COMPARISON WITH FULL MARKET AVERAGE ACTUAL TOTAL CASH COMPENSATION BY OCCUPATIONAL GROUP

Occupational Group		% Difference from Full Market Median	Comparison with Market
A	Enforcement and Protective Services*	7.1%	within competitive range
C	Healthcare Services	-5.3%	within competitive range
D	Labor, Trades and Crafts	-7.3%	within competitive range
G	Administrative Support and Related	-13.0%	possible misalignment with market
H	Professional Services	-12.2%	possible misalignment with market
I	Physical Science and Engineering	-5.6%	within competitive range
T	Information Technology	3.0%	within highly competitive range
State as a Whole		-8.4%	within competitive range

*Does not include State Patrol Troopers

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 allows agencies to reward 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.

The State's current incentive pay programs allowed by rule are representative of best practices in public sector compensation. Short-term incentives or bonuses are common in private industry. The State does not have a formal incentive plan with fixed percentages.

Total Cash & Incentive Pay Recommendations

Incentive plans are at the agency's discretion, making it difficult and potentially misleading to compare a calculated total cash with market total cash value. The State should consider recognizing the 3.0% average market incentive present outside the public sector to keep up with the private sector. The State lags in this area in comparison to market competitors. This could be done through pay for performance, on the spot awards, incentive plans based on organizational goals or values, sign-on bonuses, retention bonuses, etc.

It is recommended that 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

The tables below present common shift differentials from Mercer's 2020 US Compensation Policies and Practices Survey.

MARKET AFTERNOON SHIFT DIFFERENTIAL		
	50th Percentile	Average
Flat Dollar Amount	\$1.01	\$1.00
Percent of Base Salary	10.5%	10.0%

MARKET NIGHT SHIFT DIFFERENTIAL		
	50th Percentile	Average
Flat Dollar Amount	\$1.15	\$1.17
Percent of Base Salary	12.2%	12.0%

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.

STATE OF COLORADO	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%

On-call Pay

The median on-call pay amount reported in Mercer's survey was \$2.50 per hour. Thirty-two respondents reported a flat rate per hour versus nine and seven respondents, respectively, that reported a flat rate per day and flat rate per week. Nine respondents reported that the rate was a percentage of base pay.

The State provides \$2.00 per hour for on-call pay which somewhat lags surveyed on-call pay.

ON-CALL PAY		
	50th Percentile	Average
Pay a flat rate per hour	\$2.50	\$2.73
Pay a flat rate per day	\$35.00	\$36.67
Pay a flat rate per week	\$150.00	\$163.14
Pay a % of base	15.0%	24.5%

Call Back Pay

Thirty-three percent of organizations report that the minimum time paid when called is 2 hours. This is consistent with the State's call back pay of 2 hours.

CALL BACK PAY	
Minimum Time Paid When Called	Percentage Of Organizations
No minimum	25%
1 hour	8%
2 hours	33%
3 hours	9%
4 hours	23%
More than 4 hours	2%
N	127

Premium Pay Recommendations

Overall, the State is consistent with respondents by providing shift differentials for 2nd and/or 3rd shift. Additionally, the State is consistent with the market in providing on-call pay and call back pay for eligible classifications. There was no market data available regarding hazardous duty pay.

MARKET SALARY INCREASE PROJECTIONS

3.0%

PROJECTED BASE
SALARY INCREASE

Findings & Analysis

Proposed Increases to Base Salaries

According to the 2021 *Mercer US Compensation Planning Survey*, the salary budget increase projection for FY 2022-23 in the market is 3.0% (median).

FY 2022-23 SALARY INCREASE PROJECTIONS IN THE MARKET	
Survey Source	FY 2022-23 Base Salary Projections
Mercer 2021 Compensation Planning Survey	3.0% (median)
WorldatWork 2021-22 Salary Budget Survey	3.3% (median)

PRACTICE METHODS OF DELIVERING PAY TO EMPLOYEES	
Factors impacting base salary increases	Market Practice*
Based on individual performance	89%
Based on individual potential	23%
Based on internal equity	59%
Based on an individual's skills	32%
Based on relationship of current salary level to new grade midpoint or market value (market adjustments)	69%
Based on Total Compensation delivered	14%
No factors considered; ATB salary increase (i.e., equally distributed)	5%
Other	5%

*Note: percentages do not add up to 100%, as many organizations use more than one practice. Other responses include: COLA; Date of hire or time in role.

Market data collected by *Mercer's 2021 US Compensation Planning Survey* indicates there are many tools available to the State for providing salary adjustments.

Projected Pay Increases

According to the 2021 *Mercer US Compensation Planning Survey*, the projected merit increase percentage for FY 2022-23 is 3% (median), while COLA is projected at 2.5% (median). Organizations utilize annual salary increase budgets based on merit, cost of living, market adjustments or another mechanism to ensure they are competitive with the market, recognize inflation, reward individual performance, and ensure employee retention.

Base Salary Recommendations

As previously stated, the State should consider providing merit, COLA, or other salary adjustments, such as market adjustments, of 3.0% 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 Mercer. Additionally, the State will need to look into the data and consider making targeted increase (market adjustment) recommendations.

MARKET SALARY STRUCTURE COMPARISON

-4.0%

COMPARED TO MARKET
RANGE MIDPOINT

Findings & Analysis

Mercer compared the State's overall classified salary structure for all 205 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. The overall salary structure for classified positions is highly competitive with the market.

	MARKET AVERAGE RANGE MINIMUM	MARKET AVERAGE RANGE MIDPOINT	MARKET AVERAGE RANGE MAXIMUM
Overall Percentage Difference from Market Average Salary Structure	-2%	-4%	-3%

Next, Mercer compared the overall range spread of the State's FY 2021-22 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 prior findings. Such variation can be attributed to different organizational compensation philosophies that determine the width of the ranges.

	STATE RANGE SPREAD	MARKET RANGE SPREAD
Average Range Spread	47%	54%

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 below.

SALARY STRUCTURE MARKET COMPARISON				
Occupational Group	% Difference from Market Average Range Midpoint	Current Occupational Group Range Spread	Market Range Spread	Comparison with Market
Enforcement and Protective Services*	2.8%	52%	50%	within highly competitive range
Healthcare Services	0.4%	47%	53%	within highly competitive range
Labor, Trades and Crafts	-2.3%	42%	53%	within highly competitive range
Administrative Support and Related	-9.5%	42%	52%	within competitive range
Professional Services	-8.0%	48%	56%	within competitive range
Physical Science and Engineering	-1.2%	49%	53%	within highly competitive range
Information Technology	19.4%	74%	68%	misaligned with market

*Does not include State Patrol Troopers

The State's salary structure is within competitive range to market. This is different from last year when the State reported that one group was misaligned and two groups were potentially misaligned. There is a 50/50 blend of public and private data which will impact these results in comparison to last year. Last year's report did not include custom survey data that typically made the data points more comparable to the public sector. This has a great impact on the report year over year. Additionally, pay structures were adjusted by 2.0% on July 1, 2021.

While the State's salary structure is competitive, employees are primarily grouped into the 1st and 2nd Quartile. This impacts overall base salaries and position to market. Ideally employees, where applicable, would be closer to the midpoint and above, depending on experience, time in role, etc.

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

OCCUPATIONAL GROUP	AVERAGE RANGE PROGRESSION (PERCENTAGE IN RANGE)	QUARTILE DISTRIBUTION			
		QUARTILE 1 %	QUARTILE 2 %	QUARTILE 3 %	QUARTILE 4+ %
Enforcement and Protective Services	38%	5%	71%	17%	8%
Healthcare Services	43%	18%	17%	58%	7%
Labor, Trades, and Crafts	31%	40%	32%	18%	9%
Administrative Support and Related	22%	66%	19%	11%	4%
Professional Services	37%	49%	29%	16%	7%
Physical Sciences and Engineering	38%	31%	36%	26%	7%
Information Technology	38%	48%	24%	22%	7%

*Does not include State Patrol Troopers

Proposed Increases to Salary Structure

According to the *2020 Mercer Compensation Planning Survey*, the projected salary structure increase for the market is 2.0% for FY 2022-23. This is consistent with previous year national market trends. According to the *WorldatWork 2021-22 Salary Budget Survey*, the projected salary structure increase for the market is 2.2% for FY 2022-23.

Salary Structure Recommendations

The State is currently highly competitive with the full market salary structure at 4.0% below the full market average range midpoint. It is recommended that the State consider the following practices to remain competitive.

- Adjust the salary structure for FY 2022-23 by utilizing the projected Mercer 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 2022-23 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 the market.
- Ensure employees move through the ranges to reduce potential salary compression issues.

STATE PATROL TROOPER

-7.0%

COMPARED TO MARKET
MEDIAN

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 statute, Mercer reviewed the classification's job duties and identified comparable matches in the market utilizing published survey sources. Market data was collected for the State Trooper classes by utilizing the 2021 Public Employers Compensation Survey published by the Employers Council. The top law enforcement jurisdictions by individual classification were identified in compliance with the statute 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, 2022, using the Mercer prevailing market trend of 3.0% for salary budget increase. Market data points have not been adjusted geographically due to the statutorily defined market within Colorado.

Findings & Analysis

Overall comparison shows the State is 6.6% 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 Supervisor classification is highly competitive with the market actual salaries (i.e. within +/- 5% variance of the market). The State Patrol Trooper, State Patrol Cadet and State Patrol Admin II classifications are competitive with the market actual salaries (i.e. within +/-10% variance from the market). The State Patrol Admin I is possibly misaligned with the market.

CLASS	CLASS TITLE	EMPLOYER'S COUNCIL JOB MATCH	# OF EMPLOYEES	EE AVG. BASE SALARY	MARKET AVG. BASE SALARY	VARIANCE TO BASE SALARY
A4A3	STATE PATROL TROOPER	Police Officer/Sheriff Deputy	400	\$87,753	\$94,009	-6.6%
A4A5	STATE PATROL SUPERVISOR	Police Sergeant	100	\$113,791	\$120,039	-5.2%
A4A6	STATE PATROL ADMIN I	Lieutenant	29	\$127,755	\$144,698	-11.7%
A4A7	STATE PATROL ADMIN II	Captain	9	\$147,526	\$163,907	-10.0%
A4A1	STATE PATROL CADET	Trainee	22	\$71,070	\$66,447	7.0%

MEDICAL BENEFITS

TO MARKET
MEDIAN

The State offers employees the choice between two Preferred Provider Organization (PPO) plans, two Health Maintenance Organization (HMO) plans, or two high deductible plans (HDHP) through Cigna and Kaiser Permanente.

Mercer compared the major plan provisions (e.g., cost-share, deductibles, out-of-pocket maximums, coinsurance/copayments) to the market median, by plan type and plan election (employee only (EE), employee + child (EE+CH), employee + spouse (EE+SP), family (FAM). Mercer also calculated an annual value for the most prevalent State plan of each type (i.e., Kaiser Copay Plus HMO Plan, Cigna Copay Plus PPO Plan, Cigna HDHP Plan) and compared it to the median market value of all plans. For the total compensation valuation, Mercer utilized the plan with the highest enrollment (Kaiser Copay Plus HMO Plan).

Mercer valued the medical plans utilizing actual claims experience from a sample distribution, assuming primarily in-network claims, where applicable. Utilization rates and mean prices per utilization were used for each covered charge. Adjustments for age/gender and administrative expenses are then applied. Where employee contributions are required, either for individual or family coverage, the value is adjusted for the employee contributions.

Caution should be taken when comparing this year's results to last year's results for a few reasons. While the State is still comparing the State's medical benefits to other employers, the methodology changed from a weighted average of all plans an employer offers to Mercer's methodology of comparing the most popular plan we offer in each category (HMO, PPO and HDHP). Both methodologies are valid. Also, the number of employers surveyed expanded and the respondents are different from last year. This expanded list of surveyed companies should reduce the volatility of results from year to year going forward and was one of the primary reasons Mercer was selected. Finally, some of the assumptions Mercer made were different from those made by the previous vendor.

ANNUAL VALUE OF TOTAL MEDICAL BENEFITS					
State of Colorado		Public Sector (All Employer-paid Plans)		Private Sector (All Employer-paid Plans)	
Plan	Annual Value	Percentile	Annual Value	Percentile	Annual Value
Kaiser Copay Plus HMO Plan	\$12,208	75th	\$12,349	75th	\$12,239
Cigna Copay Plus PPO Plan	\$11,501	50th	\$11,562	50th	\$11,103
Cigna HDHP Plan	\$11,825	25th	\$10,877	25th	\$9,968

STATE OF CO PLAN TYPE	COST SHARE*	DEDUCTIBLES*	LIMITS*	COINSURANCE*	OVERALL POSITION**
HMO	Above both groups	Below both groups	Above public sector	Below both groups	<u>Public Sector</u> 6% above median
			Below private sector		<u>Private Sector</u> 10% above median
PPO	Above both groups	Below public sector	Aligned with both groups	Aligned with public sector	<u>Public Sector</u> 1% below median
		Aligned with private sector		Below private sector	<u>Private Sector</u> 4% above median
HDHP	Above both groups	Aligned with both groups	Below both groups	Below both groups	<u>Public Sector</u> 2% above median
					<u>Private Sector</u> 7% above median

* Position reflects State of Colorado's plan features compared to those of like plans only across the public and private sector peer groups

** Overall position reflects State of Colorado's plan value compared to the peer group's highest enrollment medical plan, regardless of plan type

Findings

While the State's medical plans are equal to the market, due to the overhaul of benefits packages in the last year, the State's plan with the highest enrollment, the Kaiser Copay Plus HMO plan, is 6% above the public sector, and 10% above the private sector benchmarks. The next highest enrolled plan, the Cigna HDHP, is 2% above the public sector and 7% above the private sector. Cigna's Copay Plus plan is the third most popular plan. It is 1% below the public sector and 4% above the private sector benchmarks. The Cigna Copay Plus option is less generous than the Kaiser Copay Plus due to a higher family deductible, higher office visit copays and higher employee premiums. These factors contribute to the State's overall total compensation position compared to the market.

- Providing multiple plan options (HMO, PPO, and HDHP plans) is aligned with market practice.
- Plan provisions (deductibles, limits, coinsurance) are generally at or below market median.
- The employee cost-share is more generous than the prevailing market.
- Total annual value ranges from 1% below market median to 10% above market median, depending on plan type and market comparison group. The State's plan with the highest enrollment (Kaiser Copay Plus HMO Plan) is positioned 6% above the Public Sector median and 10% above the private sector median.
- Providing coverage to part-time employees is more generous than the prevailing market practice and offering these benefits at the same cost as for full-time employees is exceptional.

DENTAL BENEFITS

The State offers employees the choice between the Basic Plan and Basic Plus Plan. Mercer compared the major plan provisions (e.g., cost-share, deductibles, plan maximums, coinsurance) to the market median for the Basic Plus Plan, which has the highest enrollment. Mercer also calculated an annual value and compared it to the median market value.

Mercer valued the State and market plans using a standard insurance organization manual rating technique, and then normalized to market rates. Where employee contributions are required, either for individual or family coverage, the value is adjusted.

Findings

- Compared to the public sector, the Basic Plus Plan offers below-market deductibles offset by above-market family coverage cost-share and above-market plan maximums.
- Compared to the private sector, the Basic Plus Plan offers market-aligned deductibles and above-market maximums offset by below-market employee cost-share.
- Overall, the value of the State's plan is 16% below the public sector median and 10% below the private sector median. The value of the Basic Plus Plan to employees is \$1,121, while the Public Sector and private sector value is \$1,330 and \$1,249 respectively. While stating that the State's plan is behind the market in value, it actually equates to only a \$100-\$200 difference.

DENTAL PLAN PROVISION MARKET COMPARISON						
	State of Colorado		Public Sector		Private Sector	
	Single	Family	Single	Family	Single	Family
Employee Cost-sharing**	42%	53%	42%	67%	31%	48%
	Single	Family	Single	Family	Single	Family
Deductibles**	\$50	\$150	\$25	\$75	\$50	\$150

* Details shown are for the Basic Plus Plan which has highest employee enrollment

** Public and private sector values reflect market median (in-network where applicable)

ADDITIONAL BENEFITS

VISION BENEFITS

The State offers vision as part of medical enrollment rather than a stand-alone benefit, which is above market median compared to both the public sector and private sector.

VISION PLAN MARKET COMPARISON		
State of Colorado	Public Sector	Private Sector
<ul style="list-style-type: none"> • Vision Basic: included in Medical • Vision Enhanced: 100% employee-paid 	<ul style="list-style-type: none"> • 83% require employees to pay 100% of premiums • 10% provide partially subsidized benefits • 7% provide 100% employer-paid coverage 	<ul style="list-style-type: none"> • 62% require employees to pay 100% of premiums • 38% offer partially subsidized benefits with employer/employee cost share <ul style="list-style-type: none"> • 11% include with Medical

LIFE AND ACCIDENTAL DEATH AND DISMEMBERMENT (AD&D) INSURANCE

The State provides employer-paid group coverage equal to 1x pay is aligned with market practice for both the public sector and private sector. Mercer calculated an annual value as the annual premium needed to provide the same level of coverage, assuming a consistent rate for both the State and the market.

LIFE INSURANCE MARKET COMPARISON		
State of Colorado	Public Sector	Private Sector
<ul style="list-style-type: none"> • Employer-paid group coverage equal to 1x pay up to a maximum of \$250,000 (\$50,000 minimum benefit) 	<ul style="list-style-type: none"> • Of the 90% of organizations that provide employer-paid coverage: <ul style="list-style-type: none"> • 52% provide a flat benefit with median of \$25,000 • 48% provide multiple of pay coverage with median of 1.5x pay 	<ul style="list-style-type: none"> • Nearly all provide employer-paid coverage • Median employer-paid coverage is 1x pay up to \$750,000

DISABILITY BENEFITS

Through PERA, the State provides a two-tiered disability benefit consisting of short-term disability insurance and disability retirement for eligible employees as a part of the overall retirement benefit for the DB plan. In addition, the State offers an employer-paid short-term disability benefit and voluntary (fully employee paid) long-term disability plan to supplement the disability benefit offered through PERA.

Mercer valued the employer-paid benefit as the annual premium needed to provide equivalent coverage, assuming consistent rates for the State and the market. If an organization provides short-term disability benefits that extend beyond the first six months of disability, the value is included in the long-term disability value.

DISABILITY INSURANCE MARKET COMPARISON			
	State of Colorado	Public Sector	Private Sector
Short-Term Disability	<ul style="list-style-type: none"> • <u>Vested DB Participants</u>: employer-paid coverage provided through PERA • Employer-paid coverage is offered to all employees and is equal to 60% of pay for 22 weeks, up to \$3,000 per week 	<ul style="list-style-type: none"> • 50% provide employer-paid coverage • Median coverage is 60% of pay for up to 26 weeks • Median elimination period is 14 days 	<ul style="list-style-type: none"> • 85% provide employer-paid coverage • Median coverage is 60% of pay for up to 25 weeks • Median elimination period is 7 days
Long-Term Disability	<ul style="list-style-type: none"> • <u>Vested DB Participants</u>: employer-paid coverage provided through PERA • Employee-paid coverage is offered to all employees 	<ul style="list-style-type: none"> • 63% provide employer-paid coverage • Median coverage is 60% of pay up to \$6,000 per month 	<ul style="list-style-type: none"> • 85% provide employer-paid coverage • Median coverage is 60% of pay up to \$15,000 per month

Findings

- While the structure of the State's disability programs is not typical in the market (especially in the private sector), the employer-paid short-term disability coverage is consistent with market practice.
- The lack of employer-paid long-term disability coverage for employees not covered under the PERA benefit is below market practice.
- When designing a comprehensive disability program, it is important to consider the interplay between short-term and long-term disability, as well as other types of leave (e.g., extended illness, sick leave, etc.), to ensure there are no gaps in coverage.

SICK LEAVE, ANNUAL (VACATION/PERSONAL) LEAVE, AND OTHER LEAVE TYPES

The State currently offers employees a comprehensive leave program that includes, but is not limited to, annual (vacation), sick, holiday, family medical, and military. Employees earn annual 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 6.66 hours per month. Leave for a part-time employee is earned on a prorated basis.

VACATION/PTO MARKET COMPARISON							
State of Colorado		Public Sector			Private Sector		
<ul style="list-style-type: none"> Provides a traditional Vacation policy that varies by service Carryover allowed up to 42 days max Cash out not allowed in lieu of carryover year to year, except during the declaration of a state of emergency by the Governor up to 80 hours may be carried over due to business necessity 		<ul style="list-style-type: none"> 80% provide a traditional Vacation policy with separate accruals for Vacation and Sick vs. 20% provide a combined Paid Time Off (PTO) plan that combines Vacation and Sick 90% allow carryover; vast majority do not vary amount by service Max carryover median is 42 days 7% allow cash out in lieu of carryover 			<ul style="list-style-type: none"> 38% provide a traditional vacation policy vs. 62% provide a PTO plan 81% allow carryover; vast majority do not vary amount by service Max carryover median is 22 days 8% allow cash out in lieu of carryover 		
Years of Service	Vacation Days	Years of Service	Median Vacation	Median PTO	Years of Service	Median Vacation	Median PTO
0	12	0	13	14	0	10	20
5	12	5	16	21	5	15	23
10	15	10	20	24	10	20	26
15	18	15	21	26	15	20	29
20	21	20	24	27	20	25	30
25	21	25	27	27	25	30	30

SICK LEAVE MARKET COMPARISON*

State of Colorado	Public Sector	Private Sector
<ul style="list-style-type: none"> 10 days per year Carryover allowed up to 45 days 	<ul style="list-style-type: none"> Median is 12 days per year 95% allow carryover, with nearly two-thirds allowing unlimited 	<ul style="list-style-type: none"> Median is 8 days per year 23% allow carryover Max carryover median is 62 days

* For those that provide traditional vacation policy with separate accruals

HOLIDAY LEAVE MARKET COMPARISON*

State of Colorado	Public Sector	Private Sector
<ul style="list-style-type: none"> 10 per year 	<ul style="list-style-type: none"> Median is 11 total (fixed + floating) holidays per year 23% offer floating holidays (median of 2 per year) 	<ul style="list-style-type: none"> Median is 10 total (fixed + floating) holidays per year 38% offer floating holidays (median of 2 per year)

*For those that provide traditional Vacation policy with separate accruals

PERSONAL DAY LEAVE MARKET COMPARISON*

State of Colorado	Public Sector	Private Sector
<ul style="list-style-type: none"> Not offered 	<ul style="list-style-type: none"> Only 33% of organizations offer separate paid personal days Median is 2 days per year 	<ul style="list-style-type: none"> Only 12% of organizations offer separate paid personal days Median is 2 days per year

*For those that provide traditional Vacation policy with separate accruals

TOTAL DAYS OFF MARKET COMPARISON*					
State of Colorado		Public Sector		Private Sector	
Years of Service	Total Days	Years of Service	Median Total Days	Years of Service	Median Total Days
0	32	0	34	0	27
5	32	5	38	5	32
10	35	10	41	10	37
15	38	15	43	15	37
20	41	20	45	20	39
25	41	25	46	25	39

* Total Days Off includes PTO, vacation, sick leave, holidays, and personal days

Findings

- The leave accrual methodology for annual and sick leave is a traditional system, prevalent in the public sector, compared to the combined bank, pooled leave systems in the private sector.
- The number of vacation days offered to employees is generally at or 1-2 days below the public sector market median for most years of service.
 - Carryover maximum is aligned with the public sector and above market median for the private sector.
 - Not allowing cash outs in lieu of carryover year to year is aligned with both the public sector and private sector.
- Sick leave is below market practice for the public sector but above for the private sector.
- Holidays offered are 1 day below the public sector and aligned with the private sector.
- Total days off are generally slightly below market median for the public sector, but generally slightly above market median for the private sector, depending on years of service.

Parental and Paid Family Medical Leave Market Comparison

Over the last five years, employers including the State have expanded and enhanced paid parental and family benefit and leave programs to fit the needs of their workforce. Many of these programs coincide with the provisions of the Family and Medical Leave Act (FMLA) that requires up to 12 weeks of job-protected unpaid leave.

The State implemented a paid family medical leave benefit in 2021, which covers two-weeks (up to 80 hours, prorated for part-time) salary for employees who are on FMLA leave. This ensures that the employee is paid for the first two weeks of FMLA unpaid leave instead of the employee supplementing their own accrued leave as required by the State's leave policy.

PAID PARENTAL, FAMILY MEDICAL LEAVE MARKET COMPARISON*

Leave Type	State of Colorado	Public Sector and Private Sector
Parental Leave	<ul style="list-style-type: none"> Not specifically provided but may be covered under Paid Family Medical Leave (see below) 	<ul style="list-style-type: none"> Prevalence of paid parental leave is increasing 57% offer paid parental bonding/care leave for both the birth and non-birth parent The median benefit offered is 100% pay replacement for up to 6 weeks for the birth parent and 4 weeks for the non-birth parent; however, recent regulation require organizations to provide the same benefit to both birth and non-birth parents
Paid Family Medical Leave (PFML)	<ul style="list-style-type: none"> 80 hours of PFML per rolling back year 100% salary replacement Qualifying events under FMLA (including parental leave) and when an employee or family member is a victim of domestic abuse, stalking, sexual assault, or any other crime related to domestic violence 	<ul style="list-style-type: none"> PFML as a universal policy is fairly uncommon in the private sector; it is more typical to have separate policies for parental leave, extended sick, etc. Prevalence of PFML is increasing in the public sector; nine states provide PFML with various salary replacement provisions; in 2020 State of Colorado voters passed the Family and Medical Leave Insurance initiative**

* Mercer's Parental and Caregiver Leave Survey (378 respondents across all industries)

**Employees and employers are jointly responsible for funding the program, each paying .45% (.90% total) of an employee's wages for the initial years of the program. Premiums to be paid effective January 1, 2023, with the first benefit payout effective January 1, 2024.

Findings

- Providing paid parental leave is consistent with market practice and recent trends; however 80 hours (i.e., 2 weeks) is below market practice.
- Providing PFML is leading the market.
- Prevalence of PFML is increasing as more state governments are seeking to implement it.

RETIREMENT

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 retirement plans: The Colorado PERA Defined Benefit (DB) Plan or the Colorado PERA Defined Contribution (DC) Plan.

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 (i.e., post-retirement medical).

Mercer reviewed the provisions of all plans: defined benefit, defined contribution, and post-retirement medical. For the total compensation analysis, Mercer included the value of the defined benefit plan and post-retirement medical plan. While the defined contribution plan was reviewed and valued, the plan with the highest enrollment, the defined benefit plan, is used for the total compensation analysis.

Defined Benefit and Defined Contribution Valuation (for the State and the market, as applicable)

- Valued as the present value of the target pension based on total expected service and allowing for projected salary increases to retirement date.
- The value of the future benefit accruals is determined by multiplying the ratio of the future service to total service.
- For cash balance plans, the value of future benefit accruals is determined by projecting an account balance at retirement resulting from future employer contributions and the interest credited to those contributions.
- This resulting lump sum is spread as an even percentage of the employee's projected annual salary over the future working years until retirement.

Post-Retirement Medical Valuation (for the State and the market, as applicable)

- Current premium rates are projected and an annuity is valued using the same techniques as are used for the Defined Benefit plans.

Social Security is considered for purposes of this study. When comparing the State to market organizations, the benefits of Social Security are being valued when applicable for respective organizations.

ANNUALIZED VALUE OF RETIREMENT BENEFITS				
State of Colorado	Public Sector		Private Sector	
<ul style="list-style-type: none"> Employees have a choice between: <ul style="list-style-type: none"> PERA DC Plan: Employer contributes 10.9% of pay (13.6% for safety officers) PERA DB Plan: Annual employer-paid benefits are worth 18% of pay 	<ul style="list-style-type: none"> Total annualized value from all employer-paid plans 		<ul style="list-style-type: none"> Total annualized value from all employer-paid plans 	
	Percentile	% of TTCC	Percentile	% of TTCC
	75 th	23%	75 th	17%
	50 th	20%	50 th	14%
	25 th	12%	25 th	10%

Findings

- Providing a choice in retirement plan type (DB or DC) is somewhat uncommon, yet provides flexibility to employees.
- Offering a DB plan is consistent with market practice for the public sector but not the private sector.
- State of Colorado's 2.5% benefit multiplier is above the median for the public sector, but is offset by the higher required employee contributions.
- Providing a DC plan with employer contributions is consistent with market practice for the private sector; similar to the State of Colorado, employer contributions are typically in lieu of participation in the DB plan in the public sector. The total annualized employer-paid DB benefit of 18% of pay is below the public sector median (20% of pay) but above the private sector median (14% of pay).

POST-RETIREMENT MEDICAL (PRM) COVERAGE		
State of Colorado	Public Sector	Private Sector
<ul style="list-style-type: none"> Both pre and post-65 coverage provided through PERA Employer subsidizes coverage after 1 year of service, and subsidy varies by service: <ul style="list-style-type: none"> <u>Pre-65 Coverage:</u> Employee receives \$11.50 per year of service up to \$230/month <u>Post-65 Coverage:</u> Employee receives \$5.75 per year of service up to \$115/month 	<ul style="list-style-type: none"> 53% of organizations provide employer-subsidized coverage (10% provide pre-65 coverage only, and 43% provide both pre and post-65 coverage) An additional 30% surveyed reported an access-only plan where the retiree pays the full cost of coverage 	<ul style="list-style-type: none"> Only 12% of organizations provide employer-subsidized coverage (4% provide pre-65 coverage only, and 8% provide both pre and post-65 coverage) An additional 8% surveyed reported an access-only plan where the retiree pays the full cost of coverage

Findings

- Providing both pre and post-65 PRM coverage is above market median for both peer groups

FY 2022-23 COST PROJECTIONS

The Department used the July 2021 salaries for all classified staff to develop the figures presented here. No cost adjustments are presented for the remaining benefit components (leave, retirement, and short-term disability), as the value of these benefits did not vary from the prevailing market. The Department will work with the Office of State Planning & Budgeting to develop the final pay recommendations for consideration through the statewide partnership agreement to be presented in the Governor's November 1 Budget Request for FY 2022-23.

Salary Structure Adjustments

According to Mercer and the WorldatWork 2021-22 Salary Budget Survey, the projected FY 2022-23 salary structure adjustments for all industries is around 2.0% (median).

The Department recommends the State adjust job class pay ranges by 2.0%. To the extent that an individual'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 2022-23, the Department estimates that the upward movement of range minimums will cost the State \$2,506,616, which includes all salary related costs for an overall structure adjustment of 2.0%. This estimate does not include any other salary increases. However, if merit pay or ATB salary increases are applied, the overall cost related to a 2.0% structure adjustment drops significantly.

Salary Adjustments

To continue to move employees toward a prevailing wage and stay aligned with base salaries in the market, the State should consider a 3% across-the-board adjustment. Employees will realize another 0.50% increase in PERA contributions on July 1, 2022. When state employee pay remains stagnant and the market continues to move forward it leads to retention and recruitment difficulties.

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

The Department is not recommending merit pay for FY 2022-23.

Across-the-Board (ATB) Adjustment

Should the State pursue salary increases through an ATB 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 \$68,426,025 in total funds to provide a 3% ATB adjustment for classified employees in FY 2022-23, including a 2% movement in salary structures.

System Maintenance Studies

The 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 2021-22, the Department conducted the IT Professional Deconsolidation system maintenance study.

This study was suspended for implementation in FY 2021-22 and continues to be suspended for implementation in FY 2022-23.

The Director will continue to monitor the effects of implementing the study and make recommendations accordingly. Prior to making future recommendations, the market data will be updated and reviewed to determine if relevant changes need to be considered.

There are no system maintenance studies recommended to be effective on July 1, 2022.

Healthcare Cost Adjustments

The Department will finalize the cost of increases to healthcare, dental and life following the finalization of cost projections in the market. This will be completed in October 2021 in preparation for the Governor's November 1 Budget Request for FY 2022-23.

Leave

Family Medical Leave Insurance

The estimated cost of premiums associated with the Family and Medical Leave Insurance Program (FAMLI) is \$5,912,033, which is 50% of the total estimated premiums in FY 2022-23, covering January 1, 2023 through June 30, 2023. If the State paid 100% of the estimated premiums, this would increase to \$11,824,066 for the first six months of 2023.

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 2022-23.

The recommendation will be submitted for consideration in the Governor's November 1 Budget Request for FY 2022-23. 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, 2022.

APPENDIX

Benchmark Titles

1. ACCOUNTANT I	46. CONTRACT ADMINISTRATOR VI	95. GENERAL IT IV
2. ACCOUNTANT IV	47. CONTROLLER III	96. GENERAL LABOR I
3. ACCOUNTING TECHNICIAN I	48. CORR SUPP TRADES SUPV I	97. GEOGRAPHIC INFORMATION SYSTEMS (GIS) I
4. ACCOUNTING TECHNICIAN III	49. CORR/YTH/CLIN SEC OFF I	98. GEOGRAPHIC INFORMATION SYSTEMS (GIS) IV
5. ACTUARY IV	50. CORR/YTH/CLN SEC SUPV III	99. GRANTS SPECIALIST II
6. ADMIN ASSISTANT I	51. CORRL ACCOUNT SALES REP	100. GROUNDS & NURSERY I
7. ADMIN ASSISTANT III	52. CRIMINAL INVESTIGATOR I	101. HEALTH CARE TECH I
8. ADMINISTRATOR I	53. CRIMINAL INVESTIGATOR II	102. HEALTH PROFESSIONAL II
9. ADMINISTRATOR IV	54. CUSTODIAN I	103. HEALTH PROFESSIONAL V
10. AIRCRAFT PILOT	55. CUSTODIAN III	104. HEARINGS OFFICER II
11. ANALYST III	56. CYBER SECURITY I	105. HUMAN RESOURCES SPEC II
12. ANALYST IV	57. CYBER SECURITY IV	106. HUMAN RESOURCES SPEC IV
13. ANIMAL CARE I	58. DATA ENTRY OPERATOR I	107. IDENTITY & ACCESS MANAGEMENT I
14. APPRAISER II	59. DATA ENTRY OPERATOR IV	108. IDENTITY & ACCESS MANAGEMENT IV
15. ARCHITECT I	60. DATA MANAGEMENT III	109. INSPECTOR I
16. ARCHIVIST I	61. DATABASE SERVICES I	110. INVESTMENT OFFICER III
17. ARTS PROFESSIONAL I	62. DATABASE SERVICES IV	111. IT BUSINESS ANALYST I
18. ARTS TECHNICIAN II	63. DENTAL CARE I	112. IT BUSINESS ANALYST IV
19. AUDIOLOGIST	64. DENTAL CARE IV	113. IT DEVELOPER I
20. AUDITOR I	65. DENTIST I	114. IT DEVELOPER IV
21. AUDITOR V	66. DESIGNER/PLANNER	115. IT ENGINEER I
22. BUDGET & POLICY ANLST IV	67. DIAG PROCED TECHNOL II	116. IT ENGINEER IV
23. BUDGET ANALYST I	68. DIETITIAN II	117. IT MANAGER
24. BUSINESS APPLICATION SUPPORT SPECIALIST I	69. DIETITIAN III	118. IT PROFESSIONAL
25. BUSINESS APPLICATION SUPPORT SPECIALIST III	70. DINING SERVICES III	119. IT PROJECT MANAGEMENT I
26. CHAPLAIN I	71. DINING SERVICES V	120. IT PROJECT MANAGEMENT IV
27. CHILD CARE AIDE I	72. ECONOMIST I	121. IT SUPERVISOR
28. CIVIL ENG PROJ MANAGER I	73. ECONOMIST IV	122. IT SUPPORT SERVICES I
29. CLIENT CARE AIDE II	74. ELECTRICAL TRADES I	123. IT SUPPORT SERVICES IV
30. CLINICAL BEHAV SPEC II	75. ELECTRICAL TRADES III	124. IT TECHNICIAN
31. CLINICAL THERAPIST I	76. ELECTRONICS ENGINEER I	125. LABOR/EMPLOYMENT SPEC II
32. COLLECTIONS REP II	77. ELECTRONICS ENGINEER III	126. LABOR/EMPLOYMENT SPEC V
33. COMMUNITY & ECON DEVT III	78. ELECTRONICS SPEC I	127. LABORATORY SUPPORT I
34. COMMUNITY & ECON DEVT V	79. ELECTRONICS SPEC IV	128. LABORATORY TECHNOLOGY II
35. COMMUNITY PAROLE OFF	80. EMER PREP & COMM SPEC III	129. LANDSCAPE ARCHITECT I
36. COMMUNITY PAROLE SUPV	81. ENGINEER-IN-TRAINING I	130. LEGAL ASSISTANT II
37. COMMUNITY WORKER I	82. ENGR/PHYS SCI ASST II	131. LIBRARIAN I
38. COMP INSURANCE SPEC II	83. ENGR/PHYS SCI ASST III	132. LIBRARY TECHNICIAN I
39. COMP INSURANCE SPEC III	84. ENGR/PHYS SCI TECH I	133. LIF/SOC SCI RSRCH/SCI III
40. COMPL INVESTIGATOR II	85. ENGR/PHYS SCI TECH III	134. LIF/SOC SCI RSRCH/SCI IV
41. COMPLIANCE SPECIALIST II	86. ENVIRON PROTECT SPEC II	135. LTC OPERATIONS I
42. COMPLIANCE SPECIALIST V	87. ENVIRON PROTECT SPEC V	136. MACHINING TRADES II
43. COMPUTER OPER SUPV I	88. EQUIPMENT MECHANIC II	137. MACHINING TRADES IV
44. COMPUTER OPERATOR II	89. EQUIPMENT OPERATOR II	
45. CONTRACT ADMINISTRATOR II	90. EQUIPMENT OPERATOR IV	
	91. FIN/CREDIT EXAMINER I	
	92. FIN/CREDIT EXAMINER IV	
	93. FOOD SERV MGR III	
	94. GENERAL IT I	

138. MANAGEMENT	179. PROJECT PLANNER I	218. STATISTICAL ANALYST IV
139. MATERIALS HANDLER I	180. PROPERTY TAX SPEC II	219. STRUCTURAL TRADES I
140. MEDIA SPECIALIST II	181. PSYCHOLOGIST I	220. STRUCTURAL TRADES II
141. MEDIA SPECIALIST IV	182. PSYCHOLOGIST II	221. SYSTEMS ADMINISTRATION I
142. MEDICAL RECORDS TECH II	183. PUB HLTH & CMTY OUT III	222. SYSTEMS ADMINISTRATION IV
143. MENTAL HEALTH CLINICIAN IV	184. PUB HLTH & CMTY OUT V	223. SYSTEMS ANALYST I
144. MENTAL HLTH CLINICIAN I	185. PUB HLTH MED ADMIN II	224. SYSTEMS MONITORING COORD I
145. MID-LEVEL PROVIDER	186. PURCHASING AGENT II	225. SYSTEMS MONITORING COORD III
146. MKTG & COMM SPEC III	187. PURCHASING AGENT III	226. TAX EXAMINER I
147. MKTG & COMM SPEC V	188. PURCHASING AGENT VI	227. TAX EXAMINER III
148. NETWORK SERVICES I	189. RATE/FINANCIAL ANALYST II	228. TECHNICIAN II
149. NETWORK SERVICES IV	190. RATE/FINANCIAL ANALYST III	229. TECHNICIAN III
150. NURSE CONSULTANT	191. RATE/FINANCIAL ANALYST V	230. TELECOMMUNICATIONS ENGINEER I
151. NURSE I	192. REAL ESTATE SPEC IV	231. TELECOMMUNICATIONS ENGINEER II
152. NURSE V	193. REAL ESTATE SPEC VI	232. TELECOMMUNICATIONS ENGINEER III
153. OFFICE MANAGER I	194. RECORDS ADMINISTRATOR I	233. TELECOMMUNICATIONS SPECIALIST I
154. PHARMACIST III	195. REHABILITATION COUNS I	234. TELECOMMUNICATIONS SPECIALIST III
155. PHARMACY TECHNICIAN I	196. REHABILITATION SUPV I	235. THERAPIST II
156. PHY SCI RES/SCIENTIST I	197. RETAIL BUS REP	236. THERAPIST III
157. PHY SCI RES/SCIENTIST IV	198. SAFETY SECURITY OFF I	237. THERAPY ASSISTANT II
158. PHYSICAL THERAPIST	199. SAFETY SECURITY OFF III	238. THERAPY ASSISTANT IV
159. PHYSICIAN II	200. SAFETY SPECIALIST III	239. TRAINING SPECIALIST I
160. PIPE/MECH TRADES II	201. SAFETY SPECIALIST IV	240. TRAINING SPECIALIST V
161. PIPE/MECH TRADES III	202. SALES ASSISTANT III	241. TRANSPORTATION MTC I
162. PLANNING SPECIALIST III	203. SALES MANAGER II	242. TRANSPORTATION MTC II
163. PLANNING SPECIALIST IV	204. SCHEDULER	243. UTILITY PLANT OPER I
164. POLICE COMMUNICATION TECH	205. SCINT PRGMR/ANLST II	244. VETERINARIAN I
165. POLICY ADVISOR III	206. SCINT PRGMR/ANLST IV	245. VETERINARIAN II
166. POLICY ADVISOR IV	207. SECURITY I	246. WEBMASTER I
167. PRODUCTION I	208. SECURITY III	247. WEBMASTER IV
168. PRODUCTION V	209. SERVICE DISPATCHER	248. WILDLIFE MANAGER I
169. PROF LAND SURVEYOR I	210. SOCIAL SERVICES SPECIALIST I	249. WILDLIFE MANAGER III
170. PROFESSIONAL ENGINEER II	211. SOCIAL SERVICES SPECIALIST V	250. YOUTH SERV COUNSELOR I
171. PROFESSIONAL ENGINEER IV	212. SOCIAL WORK/COUNSELOR II	
172. PROGRAM ASSISTANT I	213. SOCIAL WORK/COUNSELOR III	
173. PROGRAM ASSISTANT II	214. SOFTWARE QA I	
174. PROGRAM MANAGEMENT II	215. SOFTWARE QA IV	
175. PROGRAM MANAGEMENT III	216. STATE TEACHER I	
176. PROGRAMMER	217. STATISTICAL ANALYST II	
177. PROJECT COORDINATOR		
178. PROJECT MANAGER I		

Historical Salary Changes

HISTORICAL CHANGES AFFECTING EMPLOYEES							
Fiscal Year	Actual State Base Salary % Compared to Market Median	Base Salary Recommendation & Market Projections	Salary Increase Funding in November 1 Request	Salary Increase Approval by General Assembly	Average Employee Health Premium % Change	Average Employee Dental Premium % Change	PERA Employee Contribution % Change*
FY 2021-22	-11.6%	3.0%	2.05%	3.0% ATB	-		0.50%
FY 2020-21	-4.8%	3.0%	2.0%	0.0%	-25.30%	-4.10%	1.25%
FY 2019-20	-7.0%	3.0%	3.0% Merit	3.0% ATB	11.60%	7.70%	0.75%
FY 2018-19	-6.3%	3.0%	3.0% ATB	3.0% ATB	-	-	-
FY 2017-18	-5.7%	3.0%	2.5% ATB	1.75% ATB, 0.75% Merit	-5.40%	-	-
FY 2016-17	-3.0%	3.0%	-	-	-	-	-
FY 2015-16	Provided at occupational group level	1% ATB, 1% Merit	1% ATB, 1% Merit	1% ATB, 1% Merit	25.50%	-	-
FY 2014-15	-3.8%	3.8%	1.5% ATB, 1.5% Merit	2.5% ATB, 1.2% Merit	-	-	-
FY 2013-14	-7.2%	1.5% ATB, 1.6% Merit	-	2.0% ATB, 1.6% Merit	-7.00%	9.80%	-
FY 2012-13	-5.2%	-	-	-	Data not available	Data not available	-

Additional Benefits Details

Medical Plan Provision Market Comparison

	State of Colorado					Public Sector					Private Sector				
Plan Prevalence	<ul style="list-style-type: none"> Choice between two PPO plans, two HMO plans, or two high deductible plans (HDHP) Details for each plan type with highest employee enrollment (i.e., Kaiser Copay Plus HMO Plan, Cigna Copay Plus PPO Plan, Cigna HDHP Plan) detailed below 					<ul style="list-style-type: none"> All offer at least 2 plan options 					<ul style="list-style-type: none"> 88% offer at least 2 plan options 				
						Plan Type		Prevalence			Plan Type		Prevalence		
						HMO/EPO		50%			HMO/EPO		38%		
						PPO		83%			PPO		69%		
						HDHP		77%			HDHP		85%		
Employee Cost-Sharing ^{1,2}	Plan Type	EE	EE + CH	EE + SP	FAM	Plan Type	EE	EE + CH	EE + SP	FAM	Plan Type	EE	EE + CH	EE + SP	FAM
	HMO	5%	8%	16%	19%	HMO	26%	28%	30%	30%	HMO	15%	20%	20%	20%
	PPO	9%	10%	18%	19%	PPO	13%	19%	20%	21%	PPO	21%	28%	28%	30%
	HDHP	1%	3%	10%	12%	HDHP	6%	12%	14%	16%	HDHP	8%	16%	16%	19%
Deductibles ¹	Plan Type	Single		Family		Plan Type	Single		Family		Plan Type	Single		Family	
	HMO	\$750		\$1,500		HMO/EPO	\$200		\$525		HMO/EPO	\$0		\$0	
	PPO	\$750		\$2,000		PPO	\$500		\$1,500		PPO	\$750		\$1,500	
	HDHP	\$1,750		\$3,500		HDHP	\$1,750		\$3,500		HDHP	\$1,850		\$4,000	
Out-of-Pocket Maximums*	Plan Type	Single		Family		Plan Type	Single		Family		Plan Type	Single		Family	
	HMO	\$3,500		\$7,000		HMO/EPO	\$4,000		\$9,000		HMO/EPO	\$2,500		\$5,000	
	PPO	\$3,500		\$7,000		PPO	\$3,600		\$8,200		PPO	\$3,000		\$6,000	
	HDHP	\$5,000		\$10,000		HDHP	\$4,100		\$8,200		HDHP	\$3,400		\$6,600	

	State of Colorado			Public Sector			Private Sector		
Coinsurance/ Copayments	Plan Type	Inpatient Services	Office Visits	Plan Type	Inpatient Services	Office Visits	Plan Type	Inpatient Services	Office Visits
	HMO	20%	\$10	HMO/ EPO	\$125	\$25	HMO/ EPO	\$100	\$15
	PPO	20%	\$20	PPO	20%	\$25	PPO	15%	\$25
	HDHP	25%	25%	HDHP	20%	20%	HDHP	20%	20%
HDHP HSA/HRA Employer Contribution*	Single		Family	Single		Family	Single		Family
	\$720		\$720	\$630		\$900	\$750		\$1,250

1 - Public and private sector values reflect market median (in-network where applicable)

2 - Values for the State exclude any tobacco surcharge and include wellness credits

* Public and private sector values reflect market median (in-network where applicable)

Prescription Benefits Market Comparison

	State of Colorado		Public Sector		Private Sector	
Generic Prescriptions*	Plan Type	Copay	Plan Type	Copay/ Coinsurance	Plan Type	Copay/ Coinsurance
	HMO	\$10	HMO	\$10	HMO	\$15
	PPO	\$10	PPO	\$10	PPO	\$15
	HDHP	\$10	HDHP	15%	HDHP	20%
Formulary Prescriptions*	Plan Type	Copay	Plan Type	Copay/ Coinsurance	Plan Type	Copay/ Coinsurance
	HMO	\$30	HMO	\$35	HMO	\$30
	PPO	\$30	PPO	\$40	PPO	\$40
	HDHP	\$40	HDHP	20%	HDHP	20%
Formulary Prescriptions	Plan Type	Copay	Plan Type	Copay/ Coinsurance	Plan Type	Copay/ Coinsurance
	HMO	\$60	HMO	\$60	HMO	\$50
	PPO	\$60	PPO	\$70	PPO	\$68
	HDHP	\$60	HDHP	20%	HDHP	20%

* Public and private sector values reflect market median (in-network where applicable)

Dental Plan Provision Market Comparison

	State of Colorado*		Public Sector		Private Sector	
Employee Cost-sharing**	Single	Family	Single	Family	Single	Family
	42%	53%	42%	67%	31%	48%
Deductibles**	Single	Family	Single	Family	Single	Family
	\$50	\$150	\$25	\$75	\$50	\$150
Plan Maximums**	Annual Preventive / Basic / Major	Lifetime Ortho	Annual Preventive / Basic / Major	Lifetime Ortho	Annual Preventive / Basic / Major	Lifetime Ortho
	\$3,000	\$3,000	\$1,500	\$1,500	\$1,500	\$1,500

*Details shown are for the Basic Plus Plan which has highest employee enrollment

** Public and private sector values reflect market median (in-network where applicable)

	State of Colorado*		Public Sector		Private Sector	
Co-Insurance**	Preventative	100%	Preventative	100%	Preventative	100%
	Basic	80%	Basic	80%	Basic	80%
	Major	50%	Major	50%	Major	50%
	Orthodontia	50%	Orthodontia	50%	Orthodontia	50%

*Details shown are for the Basic Plus Plan, which has highest employee enrollment

** Public and private sector values reflect market median (in-network where applicable)

Prevalence of Other Benefits

	Public Sector	Private Sector
Wellness Program	96%	67%
Adoption Benefits	50%	42%
Onsite Fitness	25%	47%
Paid/subsidized Offsite Fitness	56%	26%
Free/Subsidized Parking	85%	83%
Child/Eldercare Assistance	50%	59%
Onsite Childcare	25%	6%
Work at Home Policy	57%	27%
Flextime	83%	50%
Job Share	57%	19%
Discount Purchasing	62%	71%
Paid Volunteer Leave	38%*	33%*
Donate Unused Vacation	22%**	
Donate Unused Sick Leave	6%**	

*Source: Mercer's 2020 US Compensation Policies and Practices Survey

** Source: Mercer's 2021 US Absence & Disability Management Survey (represents all organizations; data unavailable for public/private sector)

Holidays

Holiday	% Observing
Thanksgiving Day	100%
4 th of July	99%
New Year's Day	99%
Christmas Day	99%
Memorial Day	98%
Labor Day	95%
Day after Thanksgiving	73%
MLK Jr. Day	55%
Christmas Eve	52%
President's Day	38%
New Year's Eve	29%
Good Friday	22%
Veteran's Day	13%
Columbus Day	9%
Juneteenth	9%
Easter	6%
Election Day	2%

* Source: Mercer's 2021 Absence and Disability Management Survey (data reflects all participants)

Prevalence** of Those that Provide Additional Compensation and/or time off for Holidays	
Exempt	Non-Exempt
41%	90%

** Source: Mercer's 2020 US Clinical Pay Practices Survey (data reflects healthcare organizations only)

Prevalence** of Holiday Rate Pay	
	Percent
Regular time	17%
Time and a half	67%
Double time	7%
PTO days	4%
Other	5%

** Source: Mercer's 2020 US Clinical Pay Practices Survey (data reflects healthcare organizations only)

Retirement

Retirement Plan Market Comparison

	State of Colorado	Public Sector	Private Sector
Defined Benefit (DB) Plans	<p><u>PERA Retirement Plan</u></p> <ul style="list-style-type: none"> Mandatory employee contributions: 11% of pay (13% for safety officers)* For those with at least 5 Years of Service: retiree receives greater of Money Purchase benefit, or $2.5\% \times$ final average 5-year pay \times years of service up to 40** Normal Retirement Age (NRA): age 65 Earliest Unreduced Retirement Age (EURA): age 64 with 30 years of service, or 35 years of service Cost-of-Living Adjustment: 1.5% 	<p>77% provide a Final Average Pay DB plan to newly hired employees; an additional 7% provide a Cash Balance DB plan</p> <ul style="list-style-type: none"> Of those providing a DB plan, 92% require employees to contribute to the plan with the median contribution equal to 8% of pay 2% is the median benefit multiplier Typical NRA: age 65, or age 60 with 5 years of service For those that offer unreduced early retirement, typically provided for age 64 & 30 years of service, or 35 years of service 	<p>Only 8% provide a DB plan to newly hired employees</p>

* Effective July 1, 2022

** Employees with <5 years of service only receive the Money Purchase benefit (i.e., value of the employee contribution account + an employer match of 100% of contributions)

Retirement Plan Market Comparison, continued

	State of Colorado	Public Sector			Private Sector		
Defined Contribution (DC) Plans	State of Colorado offers employees the choice between this DC option or a separate Defined Benefit (DB) plan	<ul style="list-style-type: none">64% of organizations provide employer contributions to a DC plan (e.g., 401(k) plan)Prevalence of contribution type (of those with employer contributions)			<ul style="list-style-type: none">96% of organizations provide employer contributions to a DC planPrevalence of contribution type (of those that provide employer contributions)		
	<u>PERA DC Plan</u> <ul style="list-style-type: none">Employer contributes 10.9% of pay (13.6% for safety officers)						
	<u>PERA 401(k) Plan</u> <ul style="list-style-type: none">Allows for employee pre-tax and Roth deferralsNo employer contributions	Match Only	Non-Match Only	Match & Non-Match	Match Only	Non-Match Only	Match & Non-Match
	<u>PERA 457 Deferred Compensation Plan</u> <ul style="list-style-type: none">Allows for employee pre-tax and Roth deferralsNo employer contributions	27%	46%	27%	44%	8%	48%
		<ul style="list-style-type: none">Total employer contributions (of those with employer contributions)			<ul style="list-style-type: none">Total employer contributions (of those with employer contributions)		
		Percentile	Total Contribution %		Percentile	Total Contribution %	
		75th	10%		75th	9%	
		50th	6%		50th	6%	
			25th	5%		25th	4%

Survey List

Vendor	Survey Name	Industry	Effective Date	Publication Timeframe
CompData	Benchmark Pro - National, 2021	Cross Industry	1/1/2021	April 2021
CompData	CompData Health Care - National - January, 2021	Healthcare	1/1/2021	April 2021
Employer's Council	Employer's Council Benchmark, 2020	Cross Industry	1/1/2021	June 2021
Employer's Council	Employer's Council Information Technology, 2020	Information Technology	1/1/2021	June 2021
Employer's Council	Employer's Council Public Employers, 2020	Public Sector	1/1/2020	June 2020
Mercer	Mercer Metropolitan Benchmark Database, 2020	Cross Industry	3/1/2020	Mid-August 2020
Mercer	Mercer Contact Center & Customer Service, 2020	Customer Service	3/1/2020	Mid-August 2020
Mercer	Mercer IHN Module 5 - Healthcare Individual Contributors, 2020	Healthcare	3/1/2020	End of July 2020
Mercer	Mercer Benchmark Database - United States, 2020	Cross Industry	3/1/2020	Mid-August 2020
Willis Towers Watson	WTW General Industry Office and Business Support, 2020	Cross Industry	4/1/2020	Mid-September 2020
Willis Towers Watson	WTW General Industry Professional Administrative & Sales, 2020	Cross Industry	4/1/2020	Mid-September 2020
Willis Towers Watson	WTW General Industry Professional Technical & Operations, 2020	Cross Industry	4/1/2020	Mid-September 2020
Willis Towers Watson	WTW General Industry Supervisory & Middle Management, 2020	Cross Industry	4/1/2020	Mid-September 2020
Willis Towers Watson	WTW General Industry Technical Support & Production, 2020	Cross Industry	4/1/2020	Mid-September 2020
Willis Towers Watson	WTW Health Care Middle Management, Professional and Support, 2020	Healthcare	4/1/2020	Mid-September 2020
NCASG	National Compensation Association of State Governments (NCASG), 2020	Cross Industry	7/1/2020	Early-October 2020
PRM Consulting	PRM Not for Profit, 2020	Not for Profit	7/1/2020	Mid-August - Early September 2020