



2010 STATE CLASSIFIED EMPLOYEES COMPENSATION AND BENEFITS OPINION SURVEY REPORT

INTRODUCTION

Annually, the Department of Personnel and Administration (the Department) surveys permanent state personnel system (“classified”) employees in order to gain feedback on elements of the total compensation package administered by the Department, primarily including compensation, employer contribution to benefits, plan design, and work-life options. The survey was sent to all state departments and institutions of higher education (hereafter, departments) in May, 2010. About a quarter of the classified workforce responded to the survey. This is a sharp decrease from the previous two surveys, which received participation from about a third of the workforce. Department staff needs to explore reasons for the drop and develop ways to greatly increase participation.

Several key trends emerged in the responses. Money often acted as the key indicator in responses. When the State has funds to improve the compensation package (salary and benefits), most employees would like to see it go directly to salaries. Employee contributions to premiums were the number one factor in choosing a health plan; reducing them was the number one way to improve the plans.

Opinions on all of the topics surveyed did not vary significantly by gender or ethnicity. However, notable differences exist between age groups and years of state service groups. For example, paid leave is significantly more important in groups with lower years of service.

For the first time, information was requested regarding voluntary benefits like vision or automobile insurance that are paid for entirely by the employee. Participants expressed interest in the options suggested by the survey, as well as provided additional ideas and initiatives for review by the program staff.

WHO PARTICIPATED IN 2010

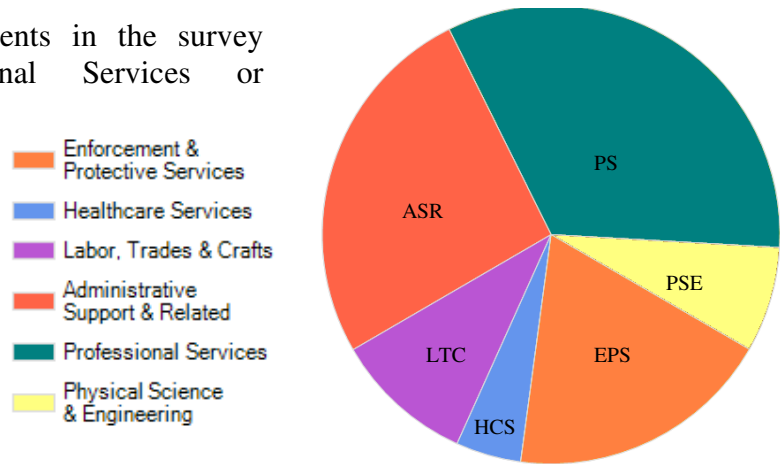
The demographics of the survey participants are provided here.

- The majority of the respondents in the survey belong to the Professional Services or Administrative Support and Related occupational groups (pie chart). However, this is not necessarily indicative of occupational group participation rate. The participation in relation to the current workforce is shown in the column chart.
- Categorized by service group, the most respondents belong to the 10 and 19 years of service group. The survey participation rates in relation to the current workforce increase with years of service, and are shown in the table.

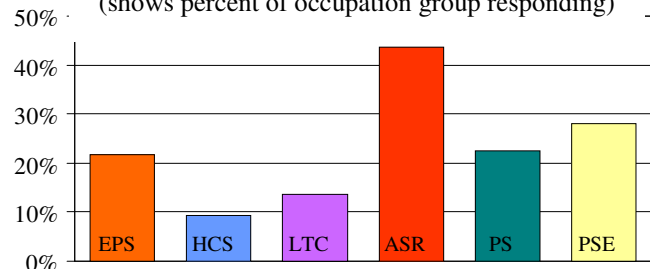
Service Group	Response Rate
Less than 3	14%
3 - 4	17%
5 - 9	21%
10 - 19	25%
20 or More	28%

- All age groups had between a 20 to 22% response rate, except for the 18—24 group (6%) and the 65 and above group (14%). The most respondents belong to the 45-54 age group.
- The number of participants by gender is shown at right. This represents a 23% response rate from the female workforce and an 18% rate from the male workforce.
- About 23% of responders were supervisors or managers.
- Minorities make up about 36% of the classified May workforce, although they only make up 19% of the survey respondents. This difference, in spite of the survey being offered in Spanish as well as English, is of concern: the ratio of minorities

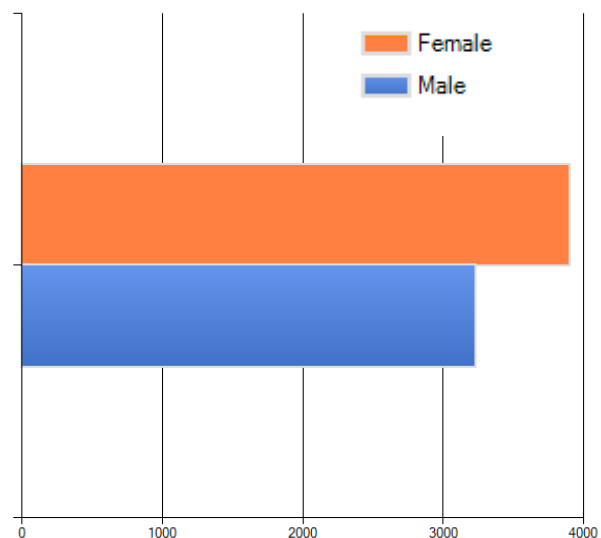
Survey Participants by Occupation Group
(shows the participants in each group)



Workforce Representation by Occupation Group
(shows percent of occupation group responding)



Gender



to non-minorities in this survey is about 1:4; in the workforce it is about 1:2.

- Finally, department participation rates for this and the previous survey are shown below.

Department	Percent of Department (Response Rate)	
	2010	2008
Adams State College	0.9%	10.5%
Agriculture	19.0%	37.2%
Auraria Higher Education Center	18.0%	19.4%
Colorado Community Colleges	25.7%	33.7%
Colorado State University	40.1%	37.1%
Department of Higher Education	See footnote ¹	41.8%
Corrections	13.4%	24.5%
Education	40.7%	See footnote ¹
Fort Lewis College	0.6%	32.4%
Governor's Office	60.8%	91.8%
Health Care Policy & Financing	36.4%	37.3%
Human Services	1.1%	19.0%
Labor and Employment	53.6%	62.0%
Law	82.8%	See footnote ¹
Local Affairs	26.1%	56.9%
Mesa State College	7.1%	55.0%
Metropolitan State College	0.4%	36.8%
Military & Veterans Affairs	26.9%	46.9%
Natural Resources	17.6%	12.5%
Personnel & Administration	49.6%	43.6%
Public Health & Environment	61.3%	45.2%
Public Safety	52.5%	33.8%
Regulatory Agencies	1.1%	63.3%
Revenue	19.4%	36.9%
Secretary of State	44.0%	66.4%
State Auditor	48.4%	21.0%
State Historical Society	30.8%	See footnote ¹
Transportation	14.7%	32.8%
Treasury	56.5%	39.1%
University of Colorado	13.0%	30.9%
University of Northern Colorado	33.8%	4.5%
Western State College	12.9%	26.2%

¹ Response Rate based on respondents' self-report of Department. Those noted represent a rate higher than 100%, which may be unreliable due to self-reporting, e.g. department, classified status, etc.

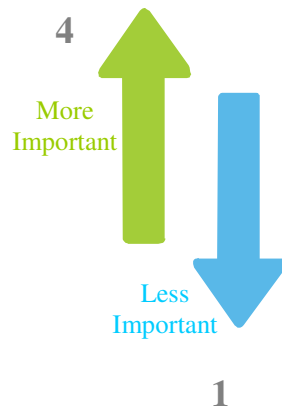
TOTAL COMPENSATION PACKAGE

Participants were asked which factors are important in the choice to remain employed with the state. Overall, the following factors are important to over 40% of respondents.

- Having the best job in the field at the time
- Total compensation package
- Rewarding work
- Job security
- Work location

Less important factors overall include the opportunity for public service, opportunities for career growth and advancement within state government, flexible work arrangements, co-workers, and the proximity to retirement.

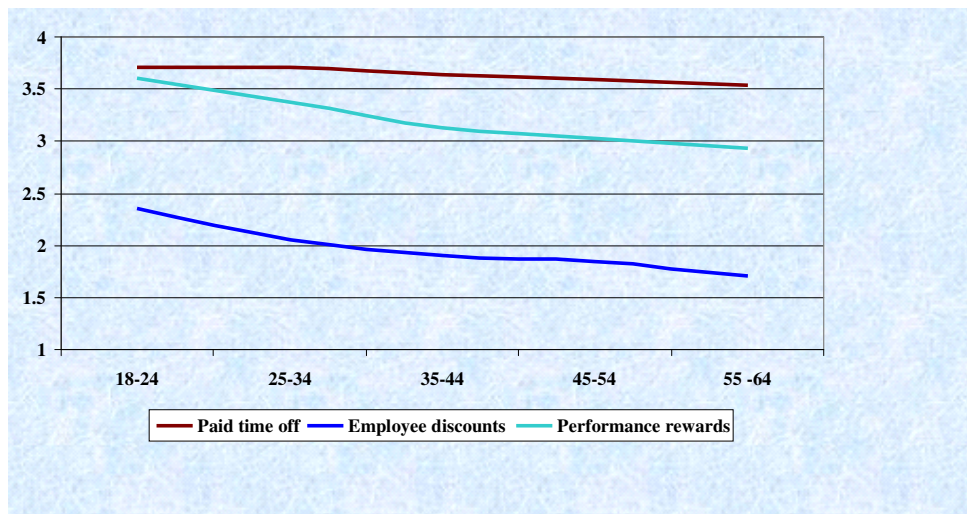
While some of the important factors are harder to influence (e.g., work location), the Department does have influence over the total compensation package. This tool is an effective way to recruit, retain, and motivate a qualified workforce. Participants were asked to indicate how important each of the following total compensation items were in the decision to remain employed with the State. The average ratings are shown in the table.



	2010	2008	2007
Retirement benefits	3.80	3.8	3.8
Base salary	3.73	3.7	3.7
Medical and dental insurance	3.66	-	-
Paid time off	3.61	3.7	3.6
Rewards for performance	3.09	3.3	3.5
Flexible work arrangements	2.81	-	-
Disability benefits	2.78	-	-
Life insurance	2.66	3.1	3.0
Tax-advantaged benefits	2.34	2.5	2.5
Employee discount program	1.87	2.2	2.1

Several of these factors varied by age group, and were rated as more important for younger groups than for older groups.

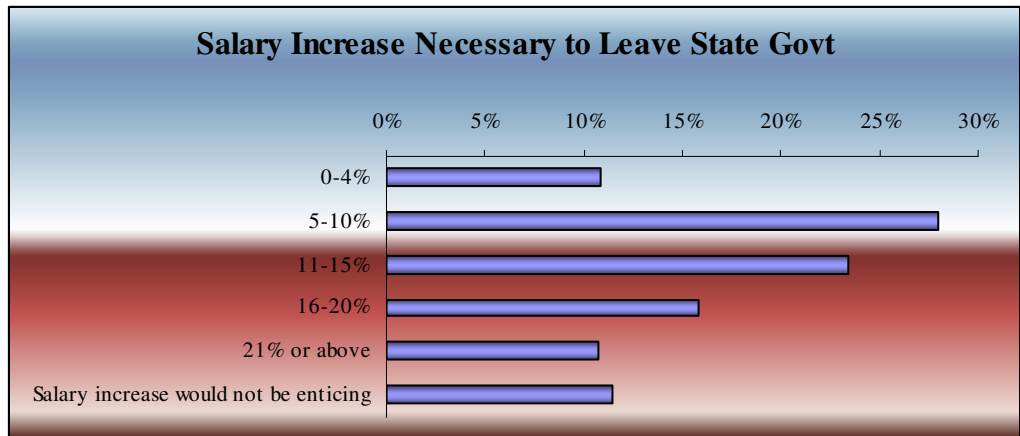
Factors that Decreased by Age Group



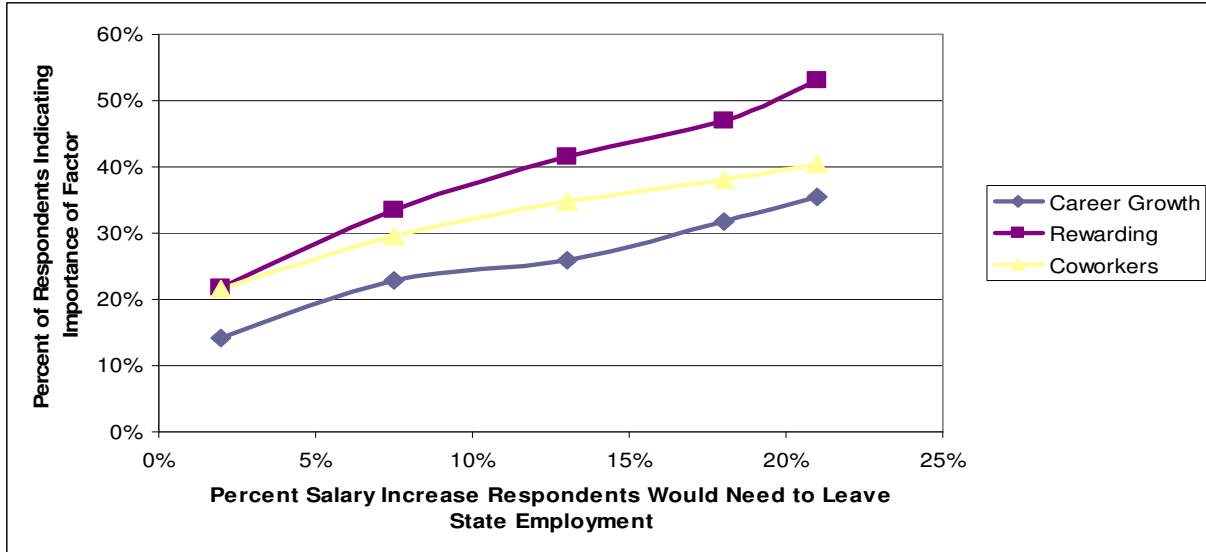
The distribution of the salary increase needed for employees to leave state employment was very similar in 2007 and 2008, but changed substantially in 2010: the percent of respondents choosing 0-4% and 5-10% increased, and all other categories decreased.

Salary Increase to Leave State	Percent Respondents		
	2010	2008	2007
0-4%	10.8	5.5	5.7
5-10%	27.9	21.8	22.1
11-15%	23.3	25.0	25.6
16-20%	15.8	19.0	19.6
21% or above	10.7	15.2	14.7
Salary increase wouldn't be enticing	11.5	13.6	12.3

Looking at this year alone, the highest percentage of responding employees would leave for a 5-10% increase in salary (28%), followed closely by an 11-15% increase (23%).



To further look at the employees included in these categories (those that would be enticed by a 0-4% increase, those that would be enticed by 5-10%, etc.), those groups of respondents are evaluated using the reasons they indicated for staying in state government. Expectedly, the higher the salary necessary to persuade the worker to leave, the more likely he or she was to indicate total compensation as a reason for staying. The same trend is seen for several other employment factors: rewarding work, co-workers, and opportunity for career growth (see chart below). That is, the higher the salary needed to tempt these workers to leave, the more likely they were to value these factors as important in their decision to stay. This trend is not seen in all of the factors. The employment factors not exhibiting this behavior include job security, the availability of flexible work arrangements, and proximity to retirement.



IMPROVING TOTAL COMPENSATION

Pay increases were ranked as the most important factor in improving the State's total compensation package.

Ranked Factors in Improving Total Compensation With Available Budget²

Pay increases	1.87
Increase the State's contribution to retirement benefits	3.19
Increase the State's contribution to medical insurance	3.34
Matching contribution to voluntary supplemental retirement savings	4.04
More paid leave	4.28
Expand work-life options	5.63
Invest more in training and development	5.65

Furthermore, as funding becomes available for salary and benefits, the vast majority of respondents (78%) named the first priority to be salary increases. The remainder was split evenly between increasing the contribution to benefits and increasing the contribution to retirement. However, if the State has no new dollars to fund salary increases, the following table ranks the other available changes from most to least important.

Ranked Factors in Improving Total Compensation Without Available Budget²

Increase the State's contribution to retirement benefits	2.64
Increase the State's contribution to medical insurance	2.81
More paid leave	3.34
Matching contribution to voluntary supplemental retirement savings	3.56
Ability to cash out a set amount of over-accrued annual leave once a year	4.68
Expand work-life options (flextime, telecommuting, employee discounts)	5.40
Expand recognition (monetary or non-monetary, throughout the year)	5.58

² The rating scale is from 1 (most important) to 7 (least important)

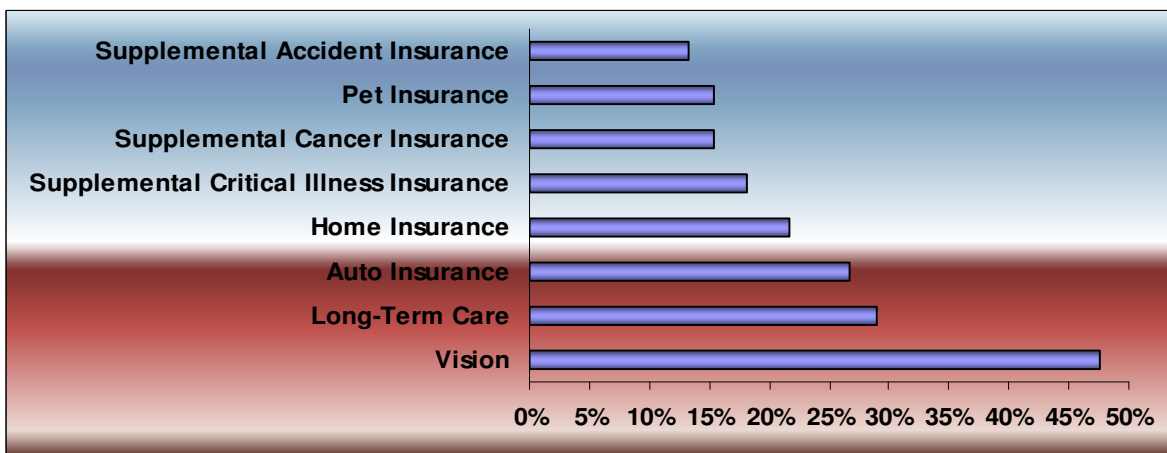
While paid leave is shown third on this list, employees in the 0-3, 3-4, and 5-9 years of service groups rated leave significantly higher than the 10-19 and 20 and above service groups. In fact, the most popular rating for leave in the lower service groups is a 1 (most important factor), and the most popular rating in the highest services groups is a 4. This may be due to the value placed on paid leave varying between service or age groups, or it could be reflective of how much leave employees currently have and accrue. The groups that rated leave lower in importance accrue annual leave at 12 or 14 hours per month, while the groups that rated it higher accrue eight or 10 hours per month.

BENEFITS

The box to the right shows the order of importance of various employee benefits to the survey respondents. It should be noted that the importance rankings were not consistent across age groups. For example, with increased age group, pension became more important as a ranked benefit. As the majority of respondents are in the 45-54 age range, followed by those in the 35-44 and 55-64 age range, pension dropped to the number two ranking. However, medical was fairly consistent, and rated number one by over half of the participants.

- Benefits: Order of Importance**
1. Medical
 2. Pension
 3. Leave
 4. Dental
 5. Life Insurance
 6. Disability
 7. Flexible Spending Account

The following chart shows the percent of respondents that would be interested in various employee-paid voluntary benefits. Vision was by far the most popular, followed by long-term care and automobile insurance.



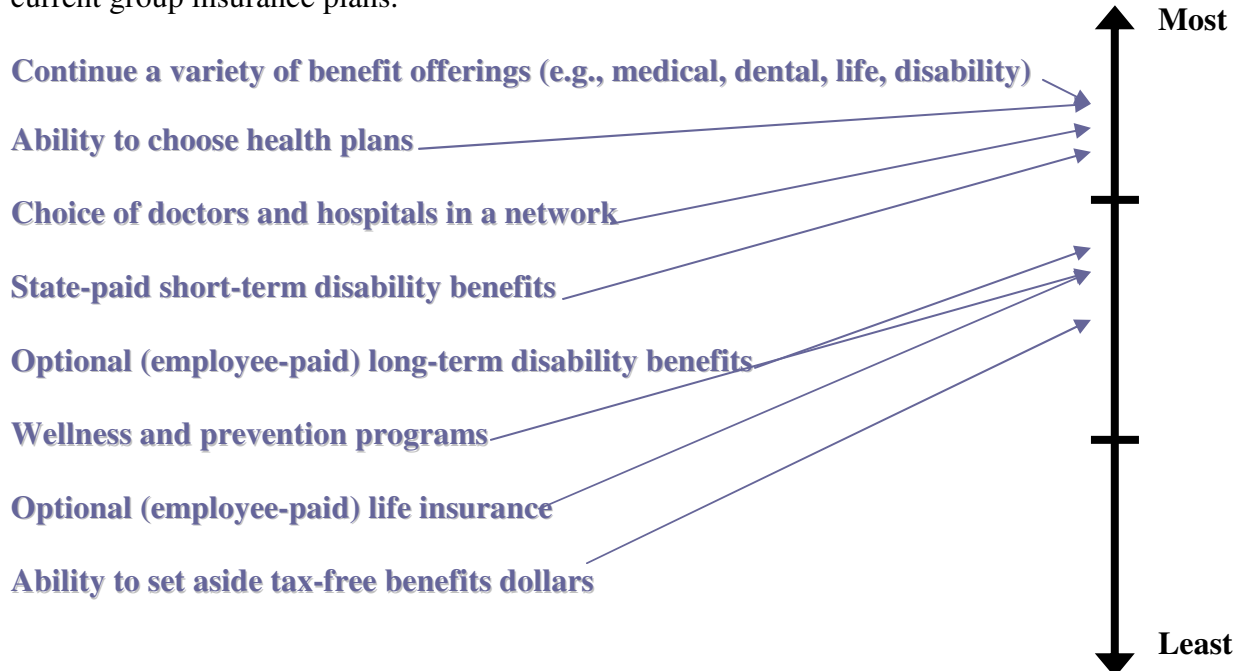
Additionally, other suggestions were made:

- ❖ Legal assistance
- ❖ Renter’s insurance
- ❖ Child care
- ❖ Travel insurance
- ❖ Alternative health benefits – massage, acupuncture, homeopathy, etc.

While not all of these items are offered as voluntary benefits, some are addressed by current total compensation programs. For example, legal assistance and travel insurance are offered as a part of the State's life insurance program. In addition, discounts on child care and some alternative health benefits are offered through the employee discount program.

BENEFITS – GROUP INSURANCE PLANS

The following list indicates how important each item is to the survey respondents for the State's current group insurance plans.

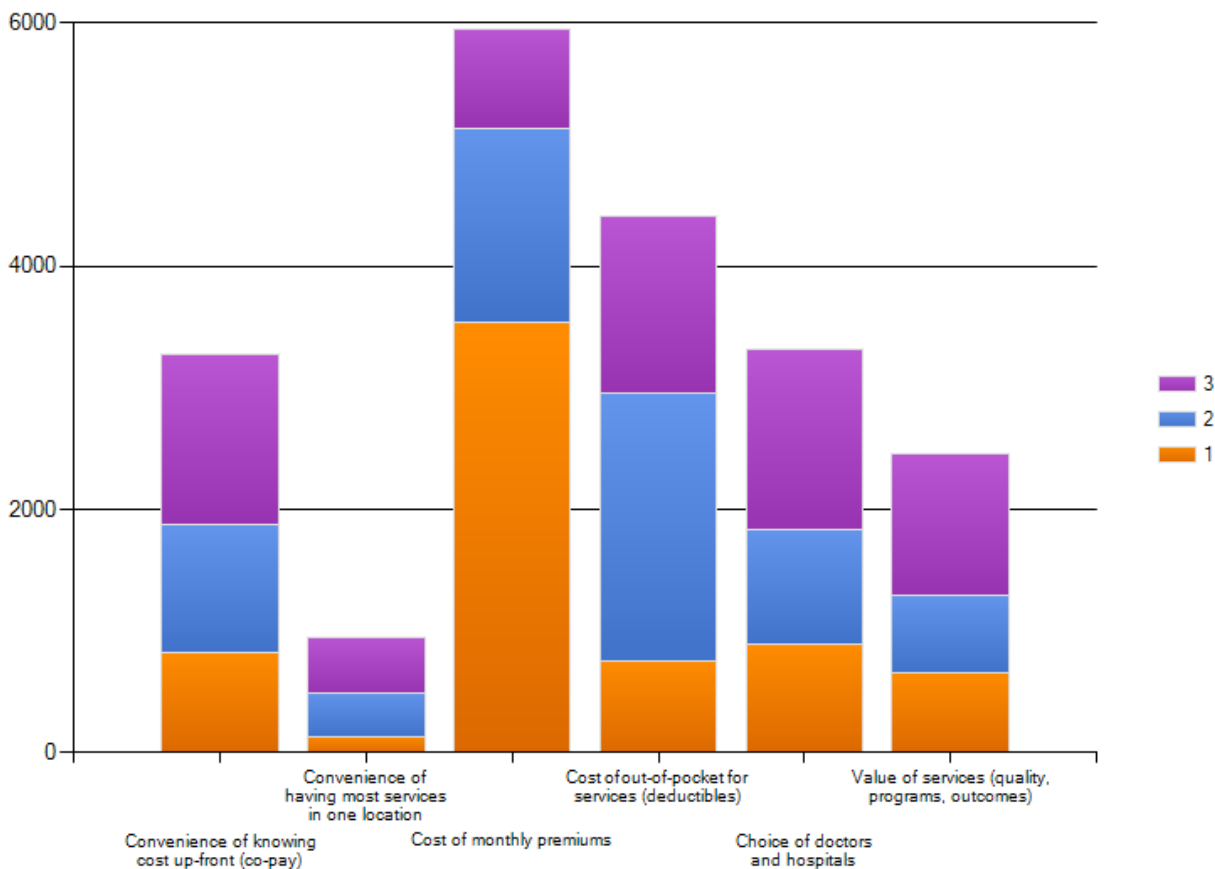


It should be noted that these ratings have been relatively static for the last three survey years (table below).

	2010	2008	2007
Continue a variety of benefit offerings (e.g., medical, dental, life, disability).	3.6	3.6	3.6
Ability to choose medical plans.	3.6	3.6	3.6
Ability to choose doctors and hospitals in a large network.	3.4	3.4	3.4
State-paid basic life insurance for employees.	3.2	3.3	3.3
Optional (employee-paid) long-term disability benefits.	2.8	3.0	3.0
Optional (employee-paid) life insurance.	2.7	2.9	2.8
Wellness programs.	2.8	2.7	2.7
Ability to set aside tax-free benefits dollars.	2.6	2.6	2.6

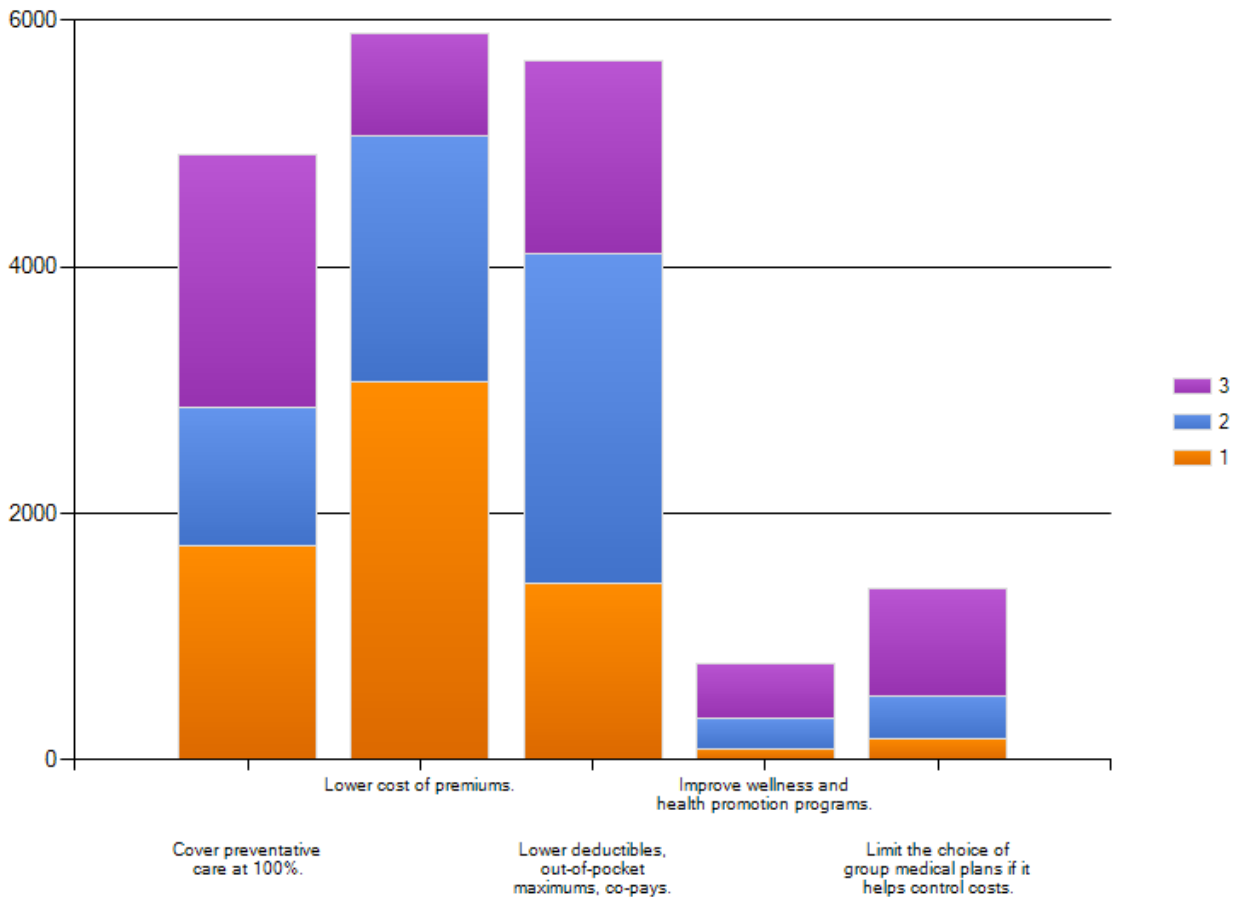
When choosing a new medical plan, it appears participants place a priority on the cost of monthly premiums. However, this trend is not supported by current enrollment patterns. (For these questions, employees were asked to pick the top three factors out of a list, and rate them as one, two, and three, in order of importance. No other factors beyond the top three were selected.) The column chart below shows the number of participants that chose each factor as one of their top three, which is then broken down further by rating.

Most Important Factors Related to Choosing a Medical Plan



Finally, participants were asked to rate the factors in regard to improving the health plans. Although reducing premiums as well as deductibles, out-of-pocket maximums, and co-pays are obviously important to participants in regard to improving health benefits, it seems employees feel as though it should not be done at the cost of losing other factors. For example, as shown on the above chart, far more employees picked covering preventative care at 100% as their third choice rather than limiting the choice of group medical plans if it helps control costs. Less important to participants (and not even included in the top five) were having a smaller network with the most efficient doctors and hospitals to control costs and providing for some medical procedures outside of the United States to control costs.

Top Five Factors Related to Improving Health Benefits



CONCLUSION

The information collected provides valuable insight into state classified employees' opinions regarding compensation, benefits, and their role in state employment. Overall, money - including salary, employer contribution to pension, medical premium, co-pay, and deductible amounts - appears to be the biggest motivator behind survey answers. Given the current economic environment (e.g., lack of salary increases, the use of furloughs, etc.), this is not unexpected. In the absence of available funding for pay, groups with higher years of service would like to see more employer contribution to retirement; groups with lower years of service place more importance on paid leave.

Factors other than compensation are important to state workers. Employees that name coworkers, rewarding work, and career growth as part of the reason they stay employed with the State would require more of a salary increase to leave than those that stay for other reasons.

For the benefits component of total compensation, the majority of survey participants would like lower premiums, but still want the choice of multiple plans, and wellness programs and online tools do not appear to be important to this pool of state workers. Additionally, there is an interest in employee-paid voluntary benefits with vision as the most popular.