

FY 2017 TOTAL COMPENSATION STUDY

State of Utah

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Topics

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Benchmark jobs; Labor Market; Survey Sources; Job Matching; Aging Factor; Survey Statistics

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Executive Summary

The Office of the State Auditor, State of Utah (State) contracted with Gallagher Benefit Services, Inc. (GBS) to conduct a FY 2017 total compensation study to compare the State total compensation package with the Utah private sector market.

Overall Summary of State comparison with private UT market:
NOTE: The State total compensation was calculated with funded pension liability

	State's Current Position
Total Compensation- Tier 1 (with funded pension liability)	<i>Highly competitive</i> with market at 2.04% above UT private market median.
Total Compensation- Tier 2 (with funded pension liability)	<i>Highly competitive</i> with market at -0.55% below UT private market median.

State Definition: Tier 1, and Tier 2

Tier 1 Public Employees' Noncontributory Retirement System is a defined benefit retirement plan under Utah Retirement Systems (URS) intended to provide a meaningful retirement benefit to employees who have been hired to begin full-time employment prior to July 1, 2011.

Tier 2 Public Employees' Retirement System is a defined contribution (401 (k)) plan under Utah Retirement Systems (URS) intended to provide a retirement benefit to employees who have been hired to begin full-time employment on or after July 1, 2011.

Executive Summary

**Overall Summary of State comparison with private UT market:
NOTE: The State total compensation was calculated with unfunded pension liability**

	State's Current Position
Total Compensation- Tier 1 (with unfunded pension liability)	<i>Competitive</i> with market at 8.93% above UT private market median.
Total Compensation- Tier 2 (with unfunded pension liability)	<i>Competitive</i> with market at 6.34% above UT private market median.

State Definition: Tier 1, and Tier 2

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Executive Summary

The Office of the State Auditor, State of Utah (State) contracted with Gallagher Benefit Services, Inc. (GBS) to conduct a FY 2017 total compensation study to compare the State total compensation package with the Utah private sector market.

Overall Summary of State comparison with private UT market for Base Salary, and Total Benefits (with funded pension liability) :

	State's Current Position
Base Salary	<i>Possible misalignment</i> with UT private market at -12.28% below market median.
Total Benefits- Tier 1 with funded pension liability (Tier 1 definition provided on previous slide)	<i>Misaligned</i> with the market at 56.01% above market median.
Total Benefits- Tier 2 with funded pension liability (Tier 2 definition provided on previous slide)	<i>Misaligned</i> with the market at 43.55% above market median.

Executive Summary

The Office of the State Auditor, State of Utah (State) contracted with Gallagher Benefit Services, Inc. (GBS) to conduct a FY 2017 total compensation study to compare the State total compensation package with the Utah private sector market.

Overall Summary of State comparison with private UT market for Base Salary, and Total Benefits (with unfunded pension liability):

	State's Current Position
Base Salary	<i>Possible misalignment</i> with UT private market at -12.28% below market median.
Total Benefits- Tier 1 with unfunded pension liability (Tier 1 definition provided on previous slide)	<i>Misaligned</i> with the market at 88.89% above market median.
Total Benefits- Tier 2 with unfunded pension liability (Tier 2 definition provided on previous slide)	<i>Misaligned</i> with the market at 76.35% above market median.

Executive Summary

Recommendations

	Recommendations
Total Compensation	<ul style="list-style-type: none">• Overall the State is highly competitive with total compensation driven by benefits with funded pension liability.• Public sector lacks the bonus/incentive opportunity provided in the private sector. The State should consider the lack of a bonus opportunity when comparing pay to the private sector.
Base Salary	<ul style="list-style-type: none">• Review jobs misaligned by a variance greater than +/- 15% with the market to ensure appropriate recruitment and retention strategy.• Ensure base salary adjustments such as cost of living, step progression, and/or general salary increases in accordance with the market trends.
Benefits (includes: Health, Retirement, Short-Term and Long Term Disability, and Life Insurance)	<ul style="list-style-type: none">• The State offers higher benefits value compared to market. Ensure alignment with State's compensation philosophy to effectively attract and retain talented workforce. This may require a rebalancing of total compensation with a higher percentage in base salary and a lower percentage of benefits.
Leave	<ul style="list-style-type: none">• The State provides a few more days of Annual Leave, Sick Leave and Holidays compared to market.

Project Objectives

The State identified the following objectives in the scope of the study:

1. What is the effective benefit package cost for a full-time benefitted employee working for the average private-sector company in Utah, itemized by category (annual/sick leave, holiday leave, healthcare, dental, life insurance, and retirement, etc.)?
2. How do the wages of state workers compare against the wages of workers with equivalent skills or job performance in the private sector? How do the benefits of state workers compare against benefits of workers with equivalent skills or job performance in the private sector?
3. Is the State's mix of wage and benefits comparable to the target market? If not, how should that mix be adjusted to align with the target market?
4. Where is the State's total compensation above the target market for equivalent positions? Where is the State's total compensation below the target market for equivalent positions?
5. If the State were to align its total compensation to the target market, what impact would that have on the total state budget?

Methodology- Benchmark Jobs

Benchmark jobs represent anchor points used for making State salary comparisons with the market.

- GBS began by identifying a core group of benchmark jobs from the State list of 1,438 discrete job titles.
- We utilized the following guidelines for benchmark selection:
 - Representation of all job families and levels throughout the organization
 - Highly populated jobs
 - Jobs found in most organizations
- A total of 553 benchmark jobs were selected that are commonly found in most private sector organizations.
- Private sector UT data was available for 308 benchmark jobs i.e. 56% of 553 benchmark jobs.
- Refer to Appendix section for complete list of benchmark jobs.

Methodology- Labor Market

The State determined the primary labor market for collecting and comparing prevailing salary and benefits market trend information.

- The labor market represents private sector Utah market.
- Salary Survey Data Cuts:
 - Industry: Private Sector
 - Geography: Utah State

Methodology- Survey Sources

GBS utilized published surveys to gather salary and benefits data for private sector organizations.

- We identified and approved published survey sources in accordance with the following criteria:
 - Survey is conducted by a reputable salary survey firm
 - Survey data is not self-reported
 - Survey is 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

Methodology- Survey Sources

GBS utilized the following published survey sources to gather market salary and benefits data for private sector organizations.

- CompData Benchmark Pro 2016- West Region
- Willis Towers Watson 2016 survey library
- Mercer survey 2016 library
- Bureau of Labor Statistics – National Compensation Survey 2016
- Mountain States Information Technology Survey 2017
- Mountain States Utah Survey 2017
- Mountain States Benefit Survey 2016
- GBS National Benchmarking Survey 2017- Utah Private Sector cut

Methodology- Survey Data Collection, Job Matching

Salary Survey data collected using the following steps:

- **We selected an appropriate job match:** Involves comparing benchmark job summaries to comparable job matches from survey.
- We reviewed the State job descriptions and other job documentation to ensure we understand the duties and responsibilities of benchmark jobs, their level of job functioning, and the reporting relationships to make appropriate job matches from published survey sources.
- We follow standard *WorldatWork* compensation guidelines for job matching (match only those jobs that match at least 80% of the duties, responsibilities and functions as outlined in the benchmark job summary).

Methodology- Survey Data Collection, Job Matching

- **We identified Career Levels for selected job matches:** Based on the level of authority, complexity, years of experience e.g. entry, intermediate, senior, supervisor, managerial, senior management
- **We selected appropriate market:**
 - Industry: Private sector
 - Geographic location: Utah State
 - Organization size: full-time employee population

Methodology- Survey Data Adjustments

Geographical Adjustment to Salary Data

- No geographical adjustments were made to local UT salary survey data-cuts as the labor market represents the Utah labor market.

Aging Salary Data

- We aged all published market salary data to a common effective date, October 1, 2017 using the *WorldatWork* prevailing market trend of 3% per year for actual salaries and 2.0% per year for salary ranges.

Methodology- Survey Data Compilation

Data Statistics

- We combined survey data for each benchmark job to calculate the average of the 25th, percentile, 50th percentile (median), market average, and 75th percentile across job matches.
- In some cases, survey range data included minimum and maximum if market data was available.

Outlier Analysis

- It is our professional practice to review raw salary data for any outliers.
- To mitigate the loss of salary data, we reviewed job matches that were greater than +/- 15% variance from the overall market average for the benchmark. We reviewed the job matches against the benchmark job duties to ascertain at least 80% job match. Positions that did not meet both criteria were removed as outliers.
- We further reviewed benchmark jobs where the State average salary was +/-15% from the overall market 50th percentile to ensure that job matches were representing the correct level and nature of responsibilities.

Methodology- Survey Data Analysis

Benchmark Comparison Calculations from the Market

- For each benchmark comparison, the percentage difference between the State's average actual salary and market salary was calculated to determine whether the State's actual salaries and salary ranges are above, below or competitive with prevailing market.
- For each benchmark comparison, the percentage difference was calculated between the State and the market in terms of actual salary:
 - Positive (+) figure indicates that the State of Utah pays above the market
 - Negative (-) figure indicates that the State of Utah pays below the market

Methodology- Survey Data Analysis

Acceptable Variance

- We use the following guidelines when determining the competitive nature of current compensation:
 - +/-5% = Highly Competitive
 - +/-10% = Competitive
 - +/-10-15% = Possible misalignment with market
 - >15% = Significant misalignment with market

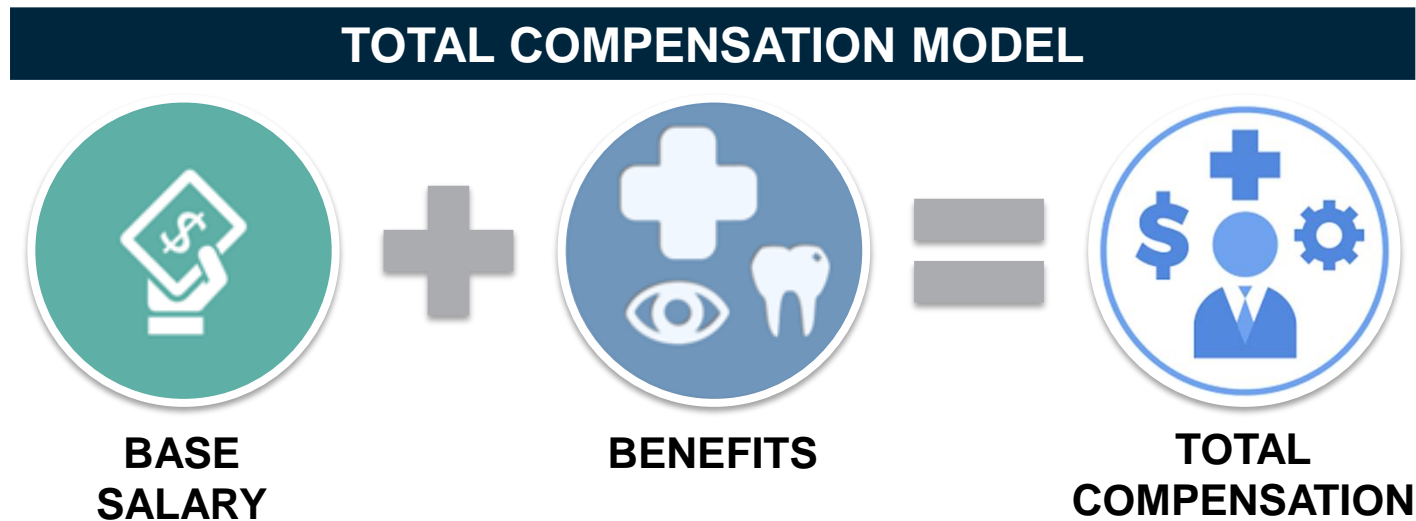
Methodology- Survey Data Analysis

Acceptable Variance

- Some of the benchmark jobs that are significantly misaligned (>15% difference) with the market do not necessarily mean misalignment.
- 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.

Methodology- Total Compensation Model

The State and GBS agreed upon the elements included in the total compensation figure, to include:



Elements of the benefits package are:

- Medical
- Dental and Vision
- Retirement (DC and DB)
- Life Insurance
- Long Term Disability
- Short Term Disability

Leave was excluded from Total Compensation to avoid double counting since it is already counted in the base pay figure. Hence, we have quantified the leave benefit separately, but did not assign it a monetary value for inclusion in Total Compensation.

FINDINGS & ANALYSIS

Total Compensation

Total Compensation Comparison

- **The following slides show charts and tables for overall total compensation comparison between the State and the private sector Utah market.**
- **We use the following guidelines when determining the competitive nature of current compensation (as mentioned in methodology section):**
 - +/-5% = Highly Competitive
 - +/-10% = Competitive
 - +/-10-15% = Possible misalignment with market
 - >15% = Significant misalignment with market
- **Individual total compensation comparisons for the 308 benchmarks jobs have been submitted to the State in a separate file.**

Total Compensation Comparison

Overall the State is highly competitive with the private sector Utah market for total compensation (with funded pension liability contributions) at Tier 1 & Tier 2.

Total Compensation The State vs. Private Sector Utah market (with Funded Pension Liability)

Tier 1
State is 2.04% above
private sector Utah market

Tier 2
State is -0.55% below
private sector Utah market

State Definition: Tier 1, and Tier 2

Tier 1 Public Employees' Noncontributory Retirement System is a defined benefit retirement plan under Utah Retirement Systems (URS) intended to provide a meaningful retirement benefit to employees who have been hired to begin full-time employment prior to July 1, 2011.

Tier 2 Public Employees' Retirement System is a defined contribution (401 (k)) plan under Utah Retirement Systems (URS) intended to provide a retirement benefit to employees who have been hired to begin full-time employment on or after July 1, 2011.

Total Compensation Comparison

Overall the State is competitive with the private sector Utah market for total compensation (with unfunded pension liability contributions) at Tier 1 & Tier 2.

Total Compensation The State vs. Private Sector Utah market (with Unfunded Pension Liability)

Tier 1
State is 8.93% above
private sector Utah market

Tier 2
State is 6.34% below
private sector Utah market

State Definition: Tier 1, and Tier 2

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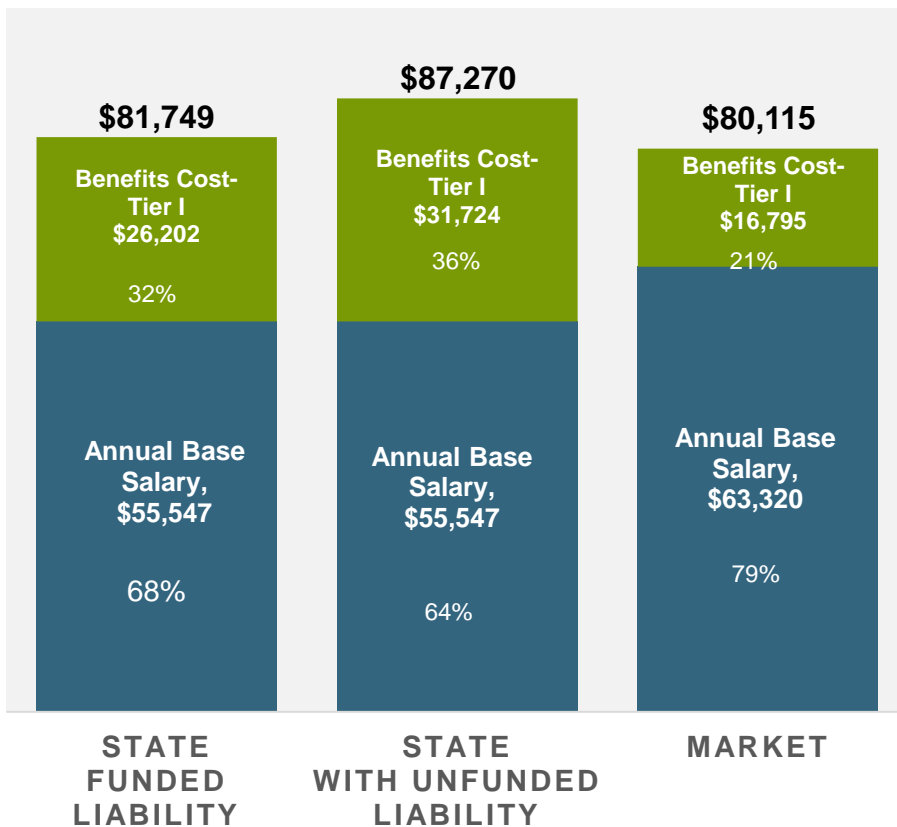
Tier 2 Public Employees' Retirement System is a defined contribution (401 (k)) plan under Utah Retirement Systems (URS) intended to provide a retirement benefit to employees who have been hired to begin full-time employment on or after July 1, 2011.

Total Compensation Comparison

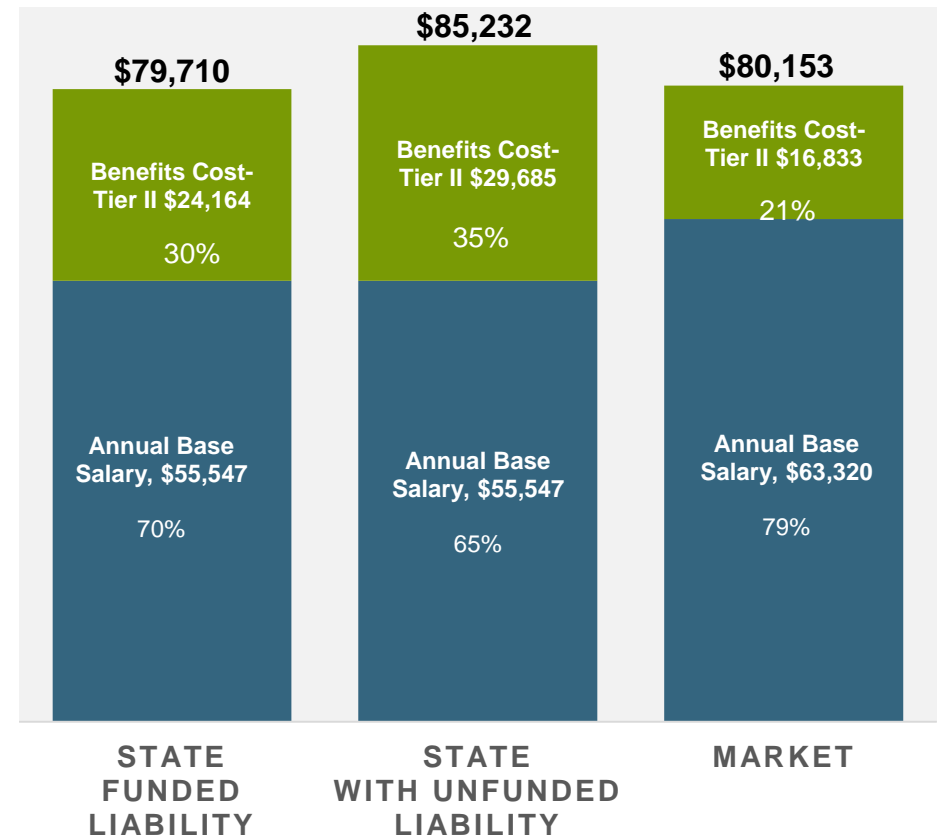
The State is *highly competitive* with the private sector Utah market median for total compensation at Tier 1 & Tier 2.

The chart below compared State average base salary, and employer benefit costs with market median base salary, and market average employer benefits cost:

TOTAL COMPENSATION (TIER 1)



TOTAL COMPENSATION (TIER 2)



Total Compensation Pay Mix State vs. Market

Following tables provide a breakdown of Total Compensation:

Tier 1 (with funded pension liability)

	State (Average)	Market P50
	Annual	Annual
BASE SALARY	\$55,547	\$63,320
TOTAL BENEFITS	\$26,202	\$16,795
Medical (Family)	\$16,444	\$13,168
Dental (Family)	\$1,074	\$803
Vision (Family)	\$0	no info.
Retirement (Defined Benefit)*	\$8,314	\$2,533
Short-Term Disability	no employer contribution	\$83
Long-Term Disability	\$333	\$125
Life Insurance	\$36.66	\$83
Total Compensation Package	\$81,749	\$80,115

* Retirement (Defined Benefit) = Funded pension liability 12.25% of base salary + 401k Employer Contribution 1.5% of base salary + 401k Employer Match (\$26/pay period)

Tier 2 (with funded pension liability)

	State (Average)	Market P50
	Annual	Annual
BASE SALARY	\$55,547	\$63,320
TOTAL BENEFITS	\$24,164	\$16,833
Medical (Family)	\$16,444	\$13,168
Dental (Family)	\$1,074	\$803
Vision (Family)	\$0	no info.
Retirement (Defined Contribution)*	\$6,275	\$2,571
Short-Term Disability	no employer contribution	\$83
Long-Term Disability	\$333	\$125
Life Insurance	\$36.66	\$83
Total Compensation Package	\$79,710	\$80,153

* Retirement (Defined Contribution) = Funded pension liability 10% of base salary + Death Benefit 0.08% of base salary + 401k Employer Match (\$26/pay period)

Total Compensation Pay Mix State vs. Market

Following tables provide a breakdown of Total Compensation:

Tier 1 (with funded liability)

	State (Average)	Market P50
	Annual	Annual
BASE SALARY	\$55,547	\$63,320
TOTAL BENEFITS*	\$26,202	\$16,795
Total Compensation Package	\$81,749	\$80,115
Overall % Difference (State from Market)	2.04%	
0.97% of Base Pay Paid out as Excess Comp (Paid out Leave)	\$539	\$614
Benefits as % of Total Compensation	32.05%	20.96%

* Retirement (Defined Benefit) = Funded pension liability 12.25% of base salary + 401k Employer Contribution 1.5% of base salary + 401k Employer Match (\$26/pay period)

Tier 2 (with funded liability)

	State (Average)	Market P50
	Annual	Annual
BASE SALARY	\$55,547	\$63,320
TOTAL BENEFITS*	\$24,164	\$16,833
Total Compensation Package	\$79,710	\$80,153
Overall % Difference (State from Market)	-0.55%	
0.97% of Base Pay Paid out as Excess Comp (Paid out Leave)	\$539	\$614
Benefits as % of Total Compensation	30.31%	21.00%

* Retirement (Defined Contribution) = Funded pension liability 10% of base salary + Death Benefit 0.08% of base salary + 401k Employer Match (\$26/pay period)

Total Compensation Pay Mix State vs. Market

Following tables provide a breakdown of Total Compensation:

Tier 1 (with unfunded pension liability)

	State (Average)	Market P50
	Annual	Annual
BASE SALARY	\$55,547	\$63,320
TOTAL BENEFITS	\$31,724	\$16,795
Medical (Family)	\$16,444	\$13,168
Dental (Family)	\$1,074	\$803
Vision (Family)	\$0	no info.
Retirement (Defined Benefit)*	\$13,835	\$2,533
Short-Term Disability	no employer contribution	\$83
Long-Term Disability	\$333	\$125
Life Insurance	\$36.66	\$83
Total Compensation Package	\$87,270	\$80,115

* Retirement (Defined Benefit) = Funded pension liability 12.25% of base salary + Unfunded pension liability 9.94% of base salary + 401k Employer Contribution 1.5% of base salary + 401k Employer Match (\$26/pay period)

Tier 2 (with unfunded pension liability)

	State (Average)	Market P50
	Annual	Annual
BASE SALARY	\$55,547	\$63,320
TOTAL BENEFITS	\$29,685	\$16,833
Medical (Family)	\$16,444	\$13,168
Dental (Family)	\$1,074	\$803
Vision (Family)	\$0	no info.
Retirement (Defined Contribution)*	\$11,796	\$2,571
Short-Term Disability	no employer contribution	\$83
Long-Term Disability	\$333	\$125
Life Insurance	\$36.66	\$83
Total Compensation Package	\$85,232	\$80,153

* Retirement (Defined Contribution) = Funded pension liability 10% of base salary + Death Benefit 0.08% of base salary + Unfunded pension liability 9.94% of base salary + 401k Employer Match (\$26/pay period)

Total Compensation Pay Mix State vs. Market

Following tables provide a breakdown of Total Compensation:

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Total Compensation Package	\$87,270	\$80,115
Overall % Difference (State from Market)	8.93%	
0.97% of Base Pay Paid out as Excess Comp (Paid out Leave)	\$539	\$614
Benefits as % of Total Compensation	36.35%	20.96%

* Retirement (Defined Benefit) = Funded pension liability 12.25% of base salary + Unfunded pension liability 9.94% of base salary + 401k Employer Contribution 1.5% of base salary + 401k Employer Match (\$26/pay period)

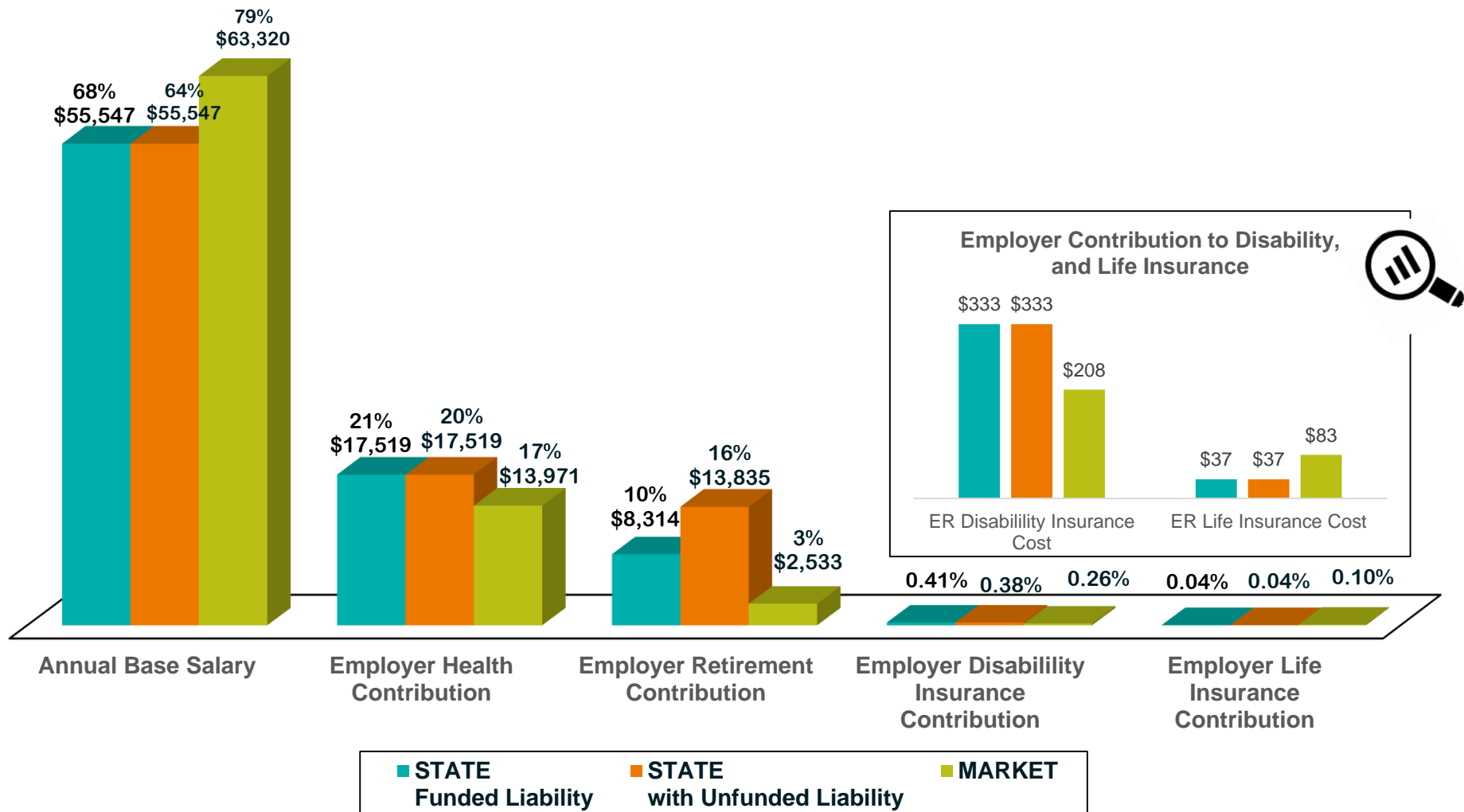
Tier 2 (with unfunded liability)

	State (Average)	Market P50
	Annual	Annual
BASE SALARY	\$55,547	\$63,320
TOTAL BENEFITS*	\$29,685	\$16,833
Total Compensation Package	\$85,232	\$80,153
Overall % Difference (State from Market)	6.34%	
0.97% of Base Pay Paid out as Excess Comp (Paid out Leave)	\$539	\$614
Benefits as % of Total Compensation	34.83%	21.00%

* Retirement (Defined Contribution) = Funded pension liability 10% of base salary + Death Benefit 0.08% of base salary + Unfunded pension liability 9.94% of base salary + 401k Employer Match (\$26/pay period)

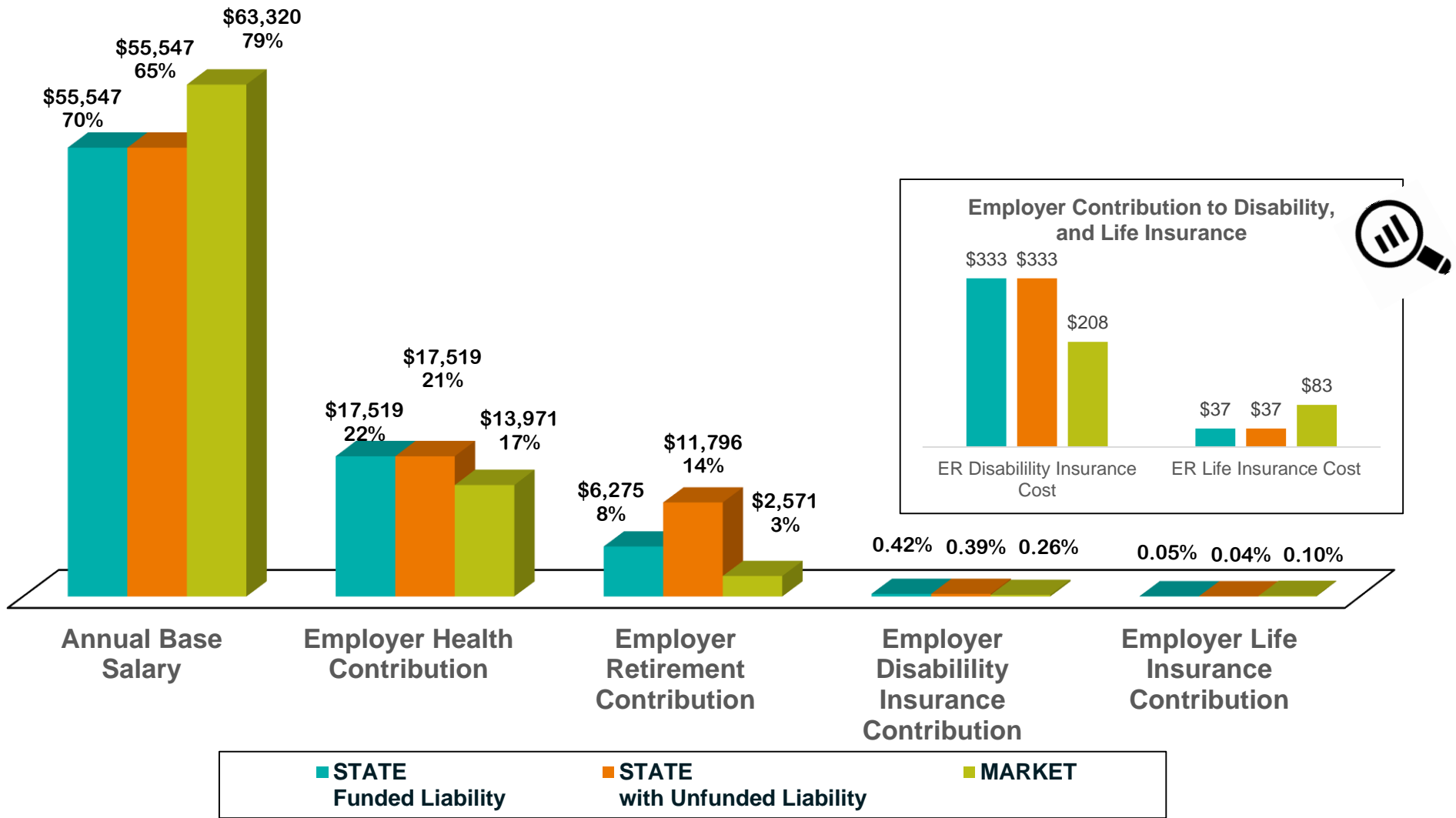
Total Compensation Pay Mix Comparison- Tier 1

TIER 1- Total Compensation Pay Mix



Total Compensation Pay Mix Comparison- Tier 2

Tier 2- Total Compensation Pay Mix



Total Compensation- Market Competitiveness by Job Family

GBS allocated the benchmark jobs to job families. The majority of job families are highly competitive with market i.e. within +/- 5% variance with market.

The table below provides a list of job families having more than 11 benchmark jobs where a comparison with market is appropriate:

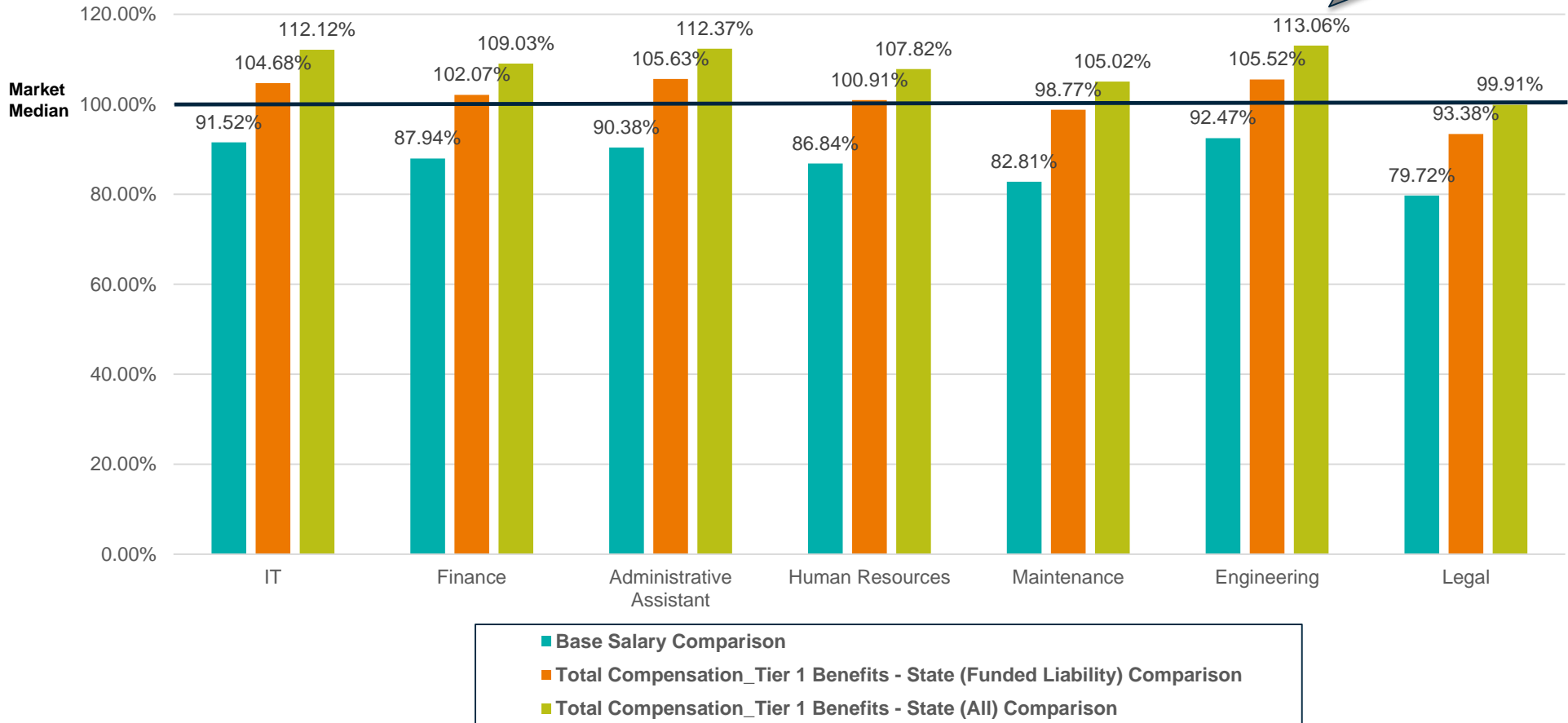
Job Family	Total Comp Tier 1 (with funded pension liability)	Total Comp Tier 1 (with unfunded pension liability)	Total Comp Tier 2 (with funded pension liability)	Total Comp Tier 2 (with unfunded pension liability)	Market Competitiveness (funded pension liability comparison)
% Difference State vs. Market (State from Private Sector Utah)					
IT	4.68%	12.12%	1.88%	9.32%	Highly competitive with market
Finance	2.07%	9.03%	-0.54%	6.41%	Highly competitive with market
Administrative Assistant	5.63%	12.37%	3.10%	9.83%	Highly competitive with market
Human Resources	0.91%	7.82%	-1.69%	5.22%	Highly competitive with market
Maintenance	-1.23%	5.02%	-3.59%	2.66%	Highly competitive with market
Engineering	5.52%	13.06%	2.69%	10.22%	Highly competitive with market
Legal	-6.62%	-0.09%	-9.08%	-2.55%	Competitive with market

Comparison- Market Competitiveness by Job Family (Tier 1)

Chart compares the State with Market for Base Salary, and Total Compensation for Tier 1: (includes job families having more than 11 benchmark jobs)

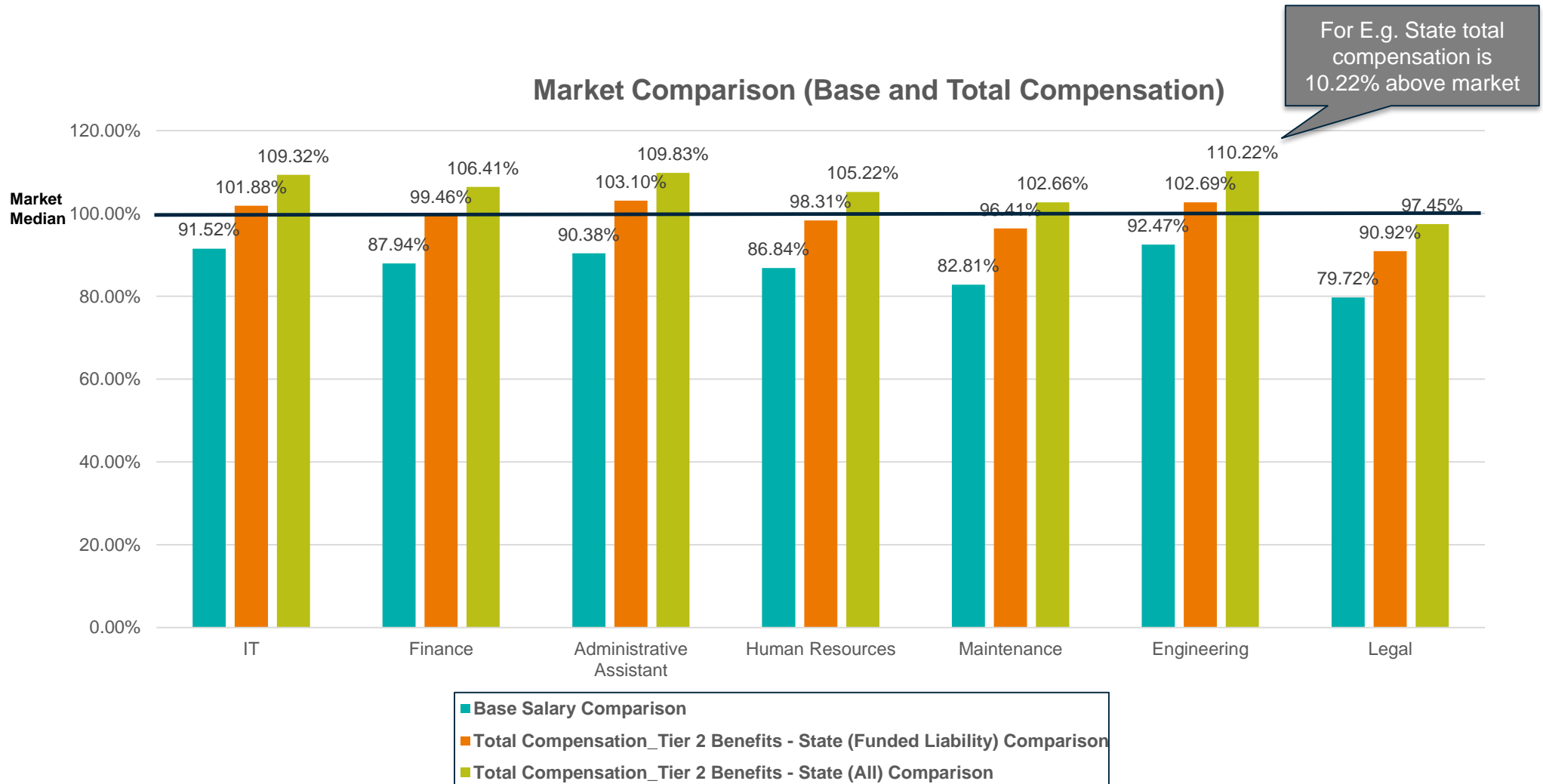
Market Comparison (Base and Total Compensation)

For E.g. State total compensation is 13.06% above market



Comparison- Market Competitiveness by Job Family (Tier 2)

Chart compares the State with Market for Base Salary, and Total Compensation for Tier 2: (includes job families having more than 11 benchmark jobs)



FINDINGS & ANALYSIS

Base Salary

Base Salary- Market Competitiveness

The following chart represents an aggregate comparison of all benchmark positions and is not a simple average of the benchmark comparisons:

State vs. Market (State from Private Sector Utah)	Base Salary Market P25	Base Salary Market P50	Base Salary Market P75	Market Avg. Range Minimum	Market Avg. Range Maximum
% Overall Difference	0.8%	-12.3%	-24.6%	-16.0%	-11.5%
Market Competitiveness	<i>State Highly competitive at Market 25th</i>	<i>State potentially misaligned at Market 50th</i>	<i>State misaligned at Market 75th</i>	<i>State potentially misaligned at Range Minimum</i>	<i>State potentially misaligned at Range Maximum</i>

While State 'total compensation' is highly competitive with market, 'base salary' is -12.3% below market and potentially misaligned with private sector Utah market.

State range minimum is below the market average. Low minimums may pose recruitment challenges.

Base Salary- Market Competitiveness by Job Family

GBS allocated all benchmark jobs to job families. The following job families are highly competitive with market (within +/- 5% variance), and competitive with market (within +/-5% to +/- 10% variance).

The table below provides a list of job families highly competitive, and competitive with the private sector UT market where a comparison with market is appropriate:

Job Family	Base Salary Market P25	Base Salary Market P50	Base Salary Market P75	Market Competitiveness
	% Difference State vs. Market (State from Private Sector Utah)			
Rehabilitation	24.03%	-3.61%	-25.04%	Highly competitive with market
Research	4.17%	-1.92%	-5.83%	Highly competitive with market
Insurance	16.01%	-1.18%	-18.28%	Highly competitive with market
Nursing	15.28%	-0.55%	-13.57%	Highly competitive with market
Facilities	11.14%	1.78%	-10.57%	Highly competitive with market
Administrative Assistant	1.54%	-9.62%	-21.37%	Competitive with market
Purchasing	2.17%	-9.38%	-17.85%	Competitive with market
Safety	-0.52%	-9.32%	-18.97%	Competitive with market
Dental	20.88%	-8.54%	-25.29%	Competitive with market
IT	4.65%	-8.48%	-19.02%	Competitive with market
Engineering	2.44%	-7.53%	-18.84%	Competitive with market
Management	25.61%	-6.29%	-33.96%	Competitive with market
Marketing/Communications	10.46%	-5.13%	-20.95%	Competitive with market

Base Salary- Market Competitiveness by Job Family

GBS allocated benchmark jobs to job families. A few job families are possibly misaligned with market i.e. between +/- 10% to +/-15% variance from market.

The table below provides a list of job families possibly misaligned with the private sector UT market where a comparison with market is appropriate:

Job Family	Base Salary Market P25	Base Salary Market P50	Base Salary Market P75	Market Competitiveness
	% Difference State vs. Market (State from Private Sector Utah)			
Nutrition	2.24%	-15.69%	-30.00%	Possible misalignment with market
Materials Management	-5.55%	-15.63%	-28.80%	Possible misalignment with market
Environmental Health	-1.50%	-14.81%	-29.60%	Possible misalignment with market
Claims/Collections	13.23%	-13.21%	-31.04%	Possible misalignment with market
Human Resources	-3.14%	-13.16%	-24.06%	Possible misalignment with market
Professional-other	6.27%	-12.80%	-29.09%	Possible misalignment with market
Fleet	2.35%	-12.14%	-25.85%	Possible misalignment with market
Finance	0.41%	-12.06%	-24.91%	Possible misalignment with market

Base Salary- Market Competitiveness by Job Family

GBS allocated benchmark jobs to job families. The majority of job families are misaligned with the market i.e. variance greater than -15% below market.

The table below provides a list of job families *misaligned* with private sector UT market where a comparison with market is appropriate:

Job Family	Base Salary Market P25	Base Salary Market P50	Base Salary Market P75	Market Competitiveness
	% Difference State vs. Market (State from Private Sector Utah)			
Graphic Arts	-17.31%	-26.79%	-32.98%	Misaligned with market
Therapist	-12.40%	-26.50%	-37.69%	Misaligned with market
Medical	-12.83%	-24.89%	-41.76%	Misaligned with market
Education	-9.81%	-22.55%	-33.48%	Misaligned with market
Custodial	-12.96%	-22.54%	-35.33%	Misaligned with market
Legal	-2.48%	-20.28%	-32.49%	Misaligned with market
Food service	-11.25%	-20.17%	-27.59%	Misaligned with market
Non-exempt	-15.02%	-19.93%	-31.86%	Misaligned with market
Program Management	-0.79%	-17.99%	-27.64%	Misaligned with market
Grants	12.71%	-17.95%	-28.84%	Misaligned with market
Maintenance	-5.52%	-17.19%	-29.22%	Misaligned with market

FINDINGS & ANALYSIS

Benefits

Overall Benefits Comparison- State vs. Market

Following tables provide a breakdown of benefits elements:

Tier 1 (with funded pension liability)

	State (Average)	Market P50
	Annual	Annual
Medical (Family)	\$16,444	\$13,168
Dental (Family)	\$1,074	\$803
Vision (Family)	\$0	no info.
Retirement (Defined Benefit)*	\$8,314	\$2,533
Short-Term Disability	no employer contribution	\$83
Long-Term Disability	\$333	\$125
Life Insurance	\$36.66	\$83

* Retirement (Defined Benefit) = Funded pension liability 12.25% of base salary + 401k Employer Contribution 1.5% of base salary + 401k Employer Match (\$26/pay period)

Tier 2 (with funded pension liability)

	State (Average)	Market P50
	Annual	Annual
Medical (Family)	\$16,444	\$13,168
Dental (Family)	\$1,074	\$803
Vision (Family)	\$0	no info.
Retirement (Defined Contribution)*	\$6,275	\$2,571
Short-Term Disability	no employer contribution	\$83
Long-Term Disability	\$333	\$125
Life Insurance	\$36.66	\$83

* Retirement (Defined Contribution) = Funded pension liability 10% of base salary + Death Benefit 0.08% of base salary + 401k Employer Match (\$26/pay period)

Overall Benefits Comparison- State vs. Market

Following tables provide a breakdown of benefits elements:

Tier 1 (with funded pension liability)

	State (Average)	Market P50
	Annual	Annual
Total Benefits*	\$26,202	\$16,795
Overall % Difference (State from Market)	56.01%	
Benefits as % of Total Compensation	32.05%	20.96%

* Retirement (Defined Benefit) = Funded pension liability 12.25% of base salary + 401k Employer Contribution 1.5% of base salary + 401k Employer Match (\$26/pay period)

Tier 2 (with funded pension liability)

	State (Average)	Market P50
	Annual	Annual
Total Benefits*	\$24,164	\$16,833
Overall % Difference (State from Market)	43.55%	
Benefits as % of Total Compensation	30.31%	21.00%

* Retirement (Defined Contribution) = Funded pension liability 10% of base salary + Death Benefit 0.08% of base salary + 401k Employer Match (\$26/pay period)

Overall Benefits Comparison- State vs. Market

Following tables provide a breakdown of benefits elements:

Tier 1 (with unfunded pension liability)

	State (Average)	Market P50
	Annual	Annual
Medical (Family)	\$16,444	\$13,168
Dental (Family)	\$1,074	\$803
Vision (Family)	\$0	no info.
Retirement (Defined Benefit)*	\$13,835	\$2,533
Short-Term Disability	no employer contribution	\$83
Long-Term Disability	\$333	\$125
Life Insurance	\$36.66	\$83

* Retirement (Defined Benefit) = Funded pension liability 12.25% of base salary + Unfunded pension liability 9.94% of base salary + 401k Employer Contribution 1.5% of base salary + 401k Employer Match (\$26/pay period)

Tier 2 (with unfunded pension liability)

	State (Average)	Market P50
	Annual	Annual
Medical (Family)	\$16,444	\$13,168
Dental (Family)	\$1,074	\$803
Vision (Family)	\$0	no info.
Retirement (Defined Contribution)*	\$11,796	\$2,571
Short-Term Disability	no employer contribution	\$83
Long-Term Disability	\$333	\$125
Life Insurance	\$36.66	\$83

* Retirement (Defined Contribution) = Funded pension liability 10% of base salary + Death Benefit 0.08% of base salary + Unfunded pension liability 9.94% of base salary + 401k Employer Match (\$26/pay period)

Overall Benefits Comparison- State vs. Market

Following tables provide a breakdown of benefits elements:

Tier 1 (with unfunded pension liability)

	State (Average)	Market P50
	Annual	Annual
Total Benefits*	\$31,724	\$16,795
Overall % Difference (State from Market)	88.89%	
Benefits as % of Total Compensation	36.35%	20.96%

* Retirement (Defined Benefit) = Funded pension liability 12.25% of base salary + Unfunded pension liability 9.94% of base salary + 401k Employer Contribution 1.5% of base salary + 401k Employer Match (\$26/pay period)

Tier 2 (with unfunded pension liability)

	State (Average)	Market P50
	Annual	Annual
Total Benefits*	\$29,685	\$16,833
Overall % Difference (State from Market)	76.35%	
Benefits as % of Total Compensation	34.83%	21.00%

* Retirement (Defined Contribution) = Funded pension liability 10% of base salary + Death Benefit 0.08% of base salary + Unfunded pension liability 9.94% of base salary + 401k Employer Match (\$26/pay period)

Benefits Market Competitiveness

Health Benefits- Annual Employer Contribution (\$) to Premium

Market Competitiveness									
Medical Insurance	<ul style="list-style-type: none"> State contribution to annual Medical family plan is significantly above average private sector Utah market by 24.9% Represents a majority of benefits. <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th>State</th> <th>Market Avg.</th> <th>% Diff</th> </tr> </thead> <tbody> <tr> <td style="color: #0070C0;">Medical Insurance (Family Plan)</td> <td style="text-align: right;">\$16,444</td> <td style="text-align: right;">\$13,168</td> <td style="text-align: right;">24.9%</td> </tr> </tbody> </table> <div style="text-align: right; margin-top: 10px;"> <p>Employer Contribution to Medical Insurance Premium</p> <p>State: \$16,444 Market: \$13,168</p> </div>		State	Market Avg.	% Diff	Medical Insurance (Family Plan)	\$16,444	\$13,168	24.9%
	State	Market Avg.	% Diff						
Medical Insurance (Family Plan)	\$16,444	\$13,168	24.9%						
Dental Insurance	<ul style="list-style-type: none"> State contribution to annual Dental family plan is significantly above the average private sector Utah market by 33.8% <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th>State</th> <th>Market Avg.</th> <th>% Diff</th> </tr> </thead> <tbody> <tr> <td style="color: #0070C0;">Dental Insurance (Family Plan)</td> <td style="text-align: right;">\$1,074</td> <td style="text-align: right;">\$803</td> <td style="text-align: right;">33.8%</td> </tr> </tbody> </table> <div style="text-align: right; margin-top: 10px;"> <p>Employer Contribution to Dental Insurance Premium</p> <p>State: \$1,074 Market: \$803</p> </div>		State	Market Avg.	% Diff	Dental Insurance (Family Plan)	\$1,074	\$803	33.8%
	State	Market Avg.	% Diff						
Dental Insurance (Family Plan)	\$1,074	\$803	33.8%						
Vision Insurance	<ul style="list-style-type: none"> State contributes \$0 dollars annually to Vision family plan. Insufficient private sector published information was available for comparison. 								

Benefits Market Competitiveness

Retirement- Annual Employer Contribution (%)

Market Competitiveness																
<p>Tier 1 (Defined Benefit)</p>	<ul style="list-style-type: none"> • <u>Funded Pension Liability</u>: State retirement contribution is calculated based on an Employee Retirement Benefit of 12.25% of base salary plus a 401k employer contribution of 1.5% of base salary plus a 401k employer match of \$26/pay period. • <u>Unfunded Pension Liability</u>: State retirement contribution includes the 9.94% unfunded pension liability plus an Employee Retirement Benefit of 12.25% of base salary plus a 401k employer contribution of 1.5% of base salary plus a 401k employer match of \$26/pay period. • State retirement contributions (funded pension liability) to Tier 1 employees is significantly above the private sector Utah market average (representing funded pension liability). • A majority of State employees are in Tier 1 retirement plan. 															
	<p>Employer Retirement Contribution (Defined Benefit)</p> <table border="1"> <thead> <tr> <th>Category</th> <th>State</th> <th>Market</th> </tr> </thead> <tbody> <tr> <td>State Funded Liability</td> <td>13.8%</td> <td>-</td> </tr> <tr> <td>State Unfunded Liability</td> <td>9.94%</td> <td>-</td> </tr> <tr> <td>Market Avg. (with funded pension liability)</td> <td>-</td> <td>4.0%</td> </tr> <tr> <td>Total State Contribution</td> <td>23.7%</td> <td>-</td> </tr> </tbody> </table>	Category	State	Market	State Funded Liability	13.8%	-	State Unfunded Liability	9.94%	-	Market Avg. (with funded pension liability)	-	4.0%	Total State Contribution	23.7%	-
Category	State	Market														
State Funded Liability	13.8%	-														
State Unfunded Liability	9.94%	-														
Market Avg. (with funded pension liability)	-	4.0%														
Total State Contribution	23.7%	-														
	<table border="1"> <thead> <tr> <th>Tier 1</th> <th>State (with funded pension liability)</th> <th>State (with unfunded pension liability)</th> <th>Market Avg. (with funded pension liability)</th> </tr> </thead> <tbody> <tr> <td>Employer Retirement Contribution</td> <td>12.25% + 1.50% + \$26/period</td> <td>12.25% + 9.94% + 1.50% + \$26/period</td> <td>4.0%</td> </tr> </tbody> </table>	Tier 1	State (with funded pension liability)	State (with unfunded pension liability)	Market Avg. (with funded pension liability)	Employer Retirement Contribution	12.25% + 1.50% + \$26/period	12.25% + 9.94% + 1.50% + \$26/period	4.0%							
Tier 1	State (with funded pension liability)	State (with unfunded pension liability)	Market Avg. (with funded pension liability)													
Employer Retirement Contribution	12.25% + 1.50% + \$26/period	12.25% + 9.94% + 1.50% + \$26/period	4.0%													

Benefits Market Competitiveness

Retirement- Annual Employer Contribution (%)

Market Competitiveness									
Tier 2 (Defined Contribution)	<ul style="list-style-type: none"> Funded Pension Liability: State retirement contribution is calculated based on an Employee Retirement Benefit of 10.0% of base salary plus a death benefit of 0.08% of base salary plus a 401k employer match of \$26/pay period. Unfunded Pension Liability: State retirement contribution includes the 9.94% unfunded pension liability plus an Employee Retirement Benefit of 10.0% of base salary plus a death benefit of 0.08% of base salary plus a 401k employer match of \$26/pay period. Market Employer contribution for Defined Contribution was calculated using a weighted average of maximum contribution based on number of participants and average maximum contribution with respect to a maximum match (e.g. 100% match or 50% match). The State retirement contributions (funded pension liability) to Tier 2 employees is significantly above the private sector Utah market average (representing funded pension liability). 								
	<div style="text-align: center;"> <p>Employer Retirement Defined Contribution</p> <table border="1"> <tr> <td>STATE Funded Liability</td> <td>STATE Unfunded Liability</td> <td>MARKET</td> </tr> <tr> <td>10.08%</td> <td>20.02%</td> <td>4.06%</td> </tr> </table> </div>	STATE Funded Liability	STATE Unfunded Liability	MARKET	10.08%	20.02%	4.06%		
STATE Funded Liability	STATE Unfunded Liability	MARKET							
10.08%	20.02%	4.06%							
	<table border="1"> <thead> <tr> <th>Tier 2</th> <th>State (with funded pension liability)</th> <th>State (with unfunded pension liability)</th> <th>Market Weighted Avg. (with funded pension liability)</th> </tr> </thead> <tbody> <tr> <td>Employer Retirement Contribution</td> <td>10.0% + 0.08% + \$26/period</td> <td>10.05% + 9.94% + 0.08% + \$26/period</td> <td>4.06%</td> </tr> </tbody> </table>	Tier 2	State (with funded pension liability)	State (with unfunded pension liability)	Market Weighted Avg. (with funded pension liability)	Employer Retirement Contribution	10.0% + 0.08% + \$26/period	10.05% + 9.94% + 0.08% + \$26/period	4.06%
Tier 2	State (with funded pension liability)	State (with unfunded pension liability)	Market Weighted Avg. (with funded pension liability)						
Employer Retirement Contribution	10.0% + 0.08% + \$26/period	10.05% + 9.94% + 0.08% + \$26/period	4.06%						

Benefits Market Competitiveness

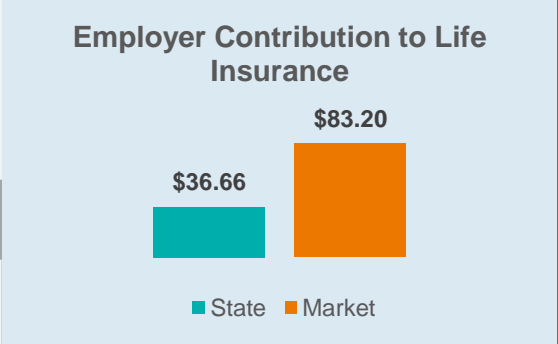
Disability, Life Insurance- Annual Employer Contribution

Market Competitiveness							
<p>Long-Term Disability (LTD)</p>	<ul style="list-style-type: none"> • Employer contribution to LTD represents a minor percentage of overall benefits at both the State and market. • Due to limited UT private sector market data, we utilized private sector LTD employer contributions at a sub-regional level representing mountain states sub-region. • The State employer contribution for LTD is significantly above market average. <div data-bbox="709 792 1407 938" style="text-align: center;"> <table border="1"> <thead> <tr> <th>Employer Contribution</th> <th>State (0.60% of current avg. base salary)</th> <th>Market Avg.</th> </tr> </thead> <tbody> <tr> <td>Long-Term Disability</td> <td>\$333</td> <td>\$125</td> </tr> </tbody> </table> </div> <div data-bbox="1423 641 1980 945" style="text-align: center;"> <p>Employer Contribution to Long-Term Disability</p> <p>\$333 (State) vs \$125 (Market)</p> <p>Long-Term Disability</p> <p>■ State ■ Market</p> </div>	Employer Contribution	State (0.60% of current avg. base salary)	Market Avg.	Long-Term Disability	\$333	\$125
Employer Contribution	State (0.60% of current avg. base salary)	Market Avg.					
Long-Term Disability	\$333	\$125					
<p>Short-Term Disability (STD)</p>	<ul style="list-style-type: none"> • Employer contribution to STD represents a minor percentage of overall benefits at market. • The State does not contribute to Short-Term Disability. However, the State allows unlimited sick leave carryover, which provides a similar level of time off as STD does for private sector employees. • The market average annual contribution for Short-Term Disability is \$83. • We used 0.97% excess compensation paid out by State for leaves as a placeholder for comparison with market contribution replacing short-term disability contributions. • The average State excess compensation paid out is \$539 (calculated on base average current base salary). 						

Benefits Market Competitiveness

Disability, Life Insurance- Annual Employer Contribution

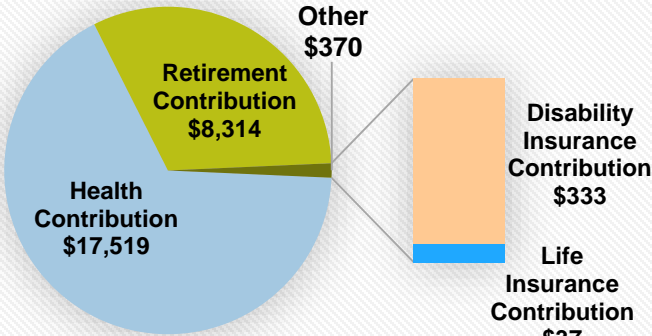
Market Competitiveness							
Life Insurance	<ul style="list-style-type: none"> Life Insurance represents a minor percentage of overall benefits at both State and market. Due to limited UT private sector market data, we utilized private sector Life Insurance employer contributions at a sub-regional level representing mountain states sub-region. The State contribution is considerably lower than the sub-regional market average of \$83.20. 						
	<table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Employer Contribution</th> <th>State</th> <th>Market Avg.</th> </tr> </thead> <tbody> <tr> <td>Life Insurance</td> <td>\$36.66</td> <td>\$83.20</td> </tr> </tbody> </table>	Employer Contribution	State	Market Avg.	Life Insurance	\$36.66	\$83.20
Employer Contribution	State	Market Avg.					
Life Insurance	\$36.66	\$83.20					



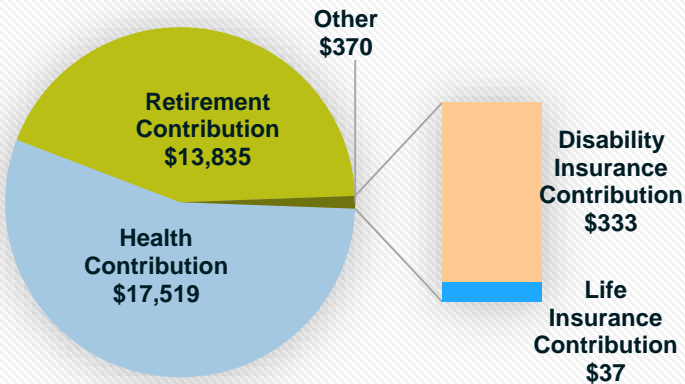
Employer Benefits Cost Breakdown- Tier 1

Following charts provide an overall mix of Employer Contribution for Tier 1 benefits at State vs. Market

Tier 1-STATE
Funded Pension Liability

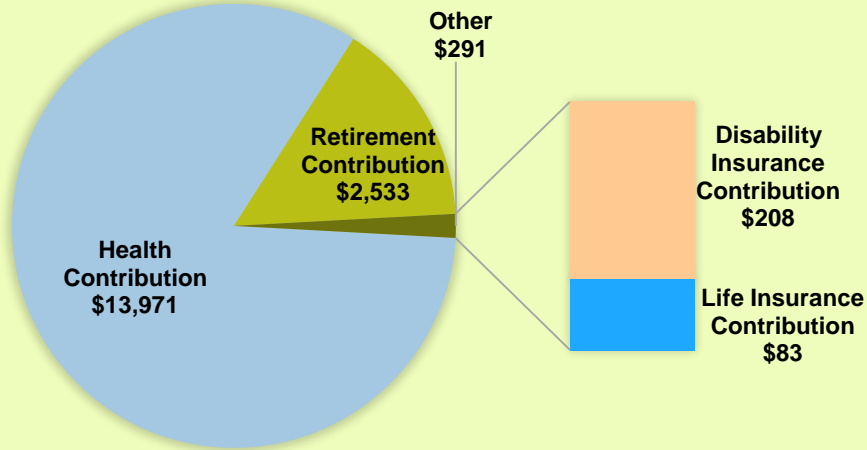


Tier 1-STATE
with Unfunded Pension Liability



- Health Contribution
- Retirement Contribution
- Disability Insurance Contribution
- Life Insurance Contribution

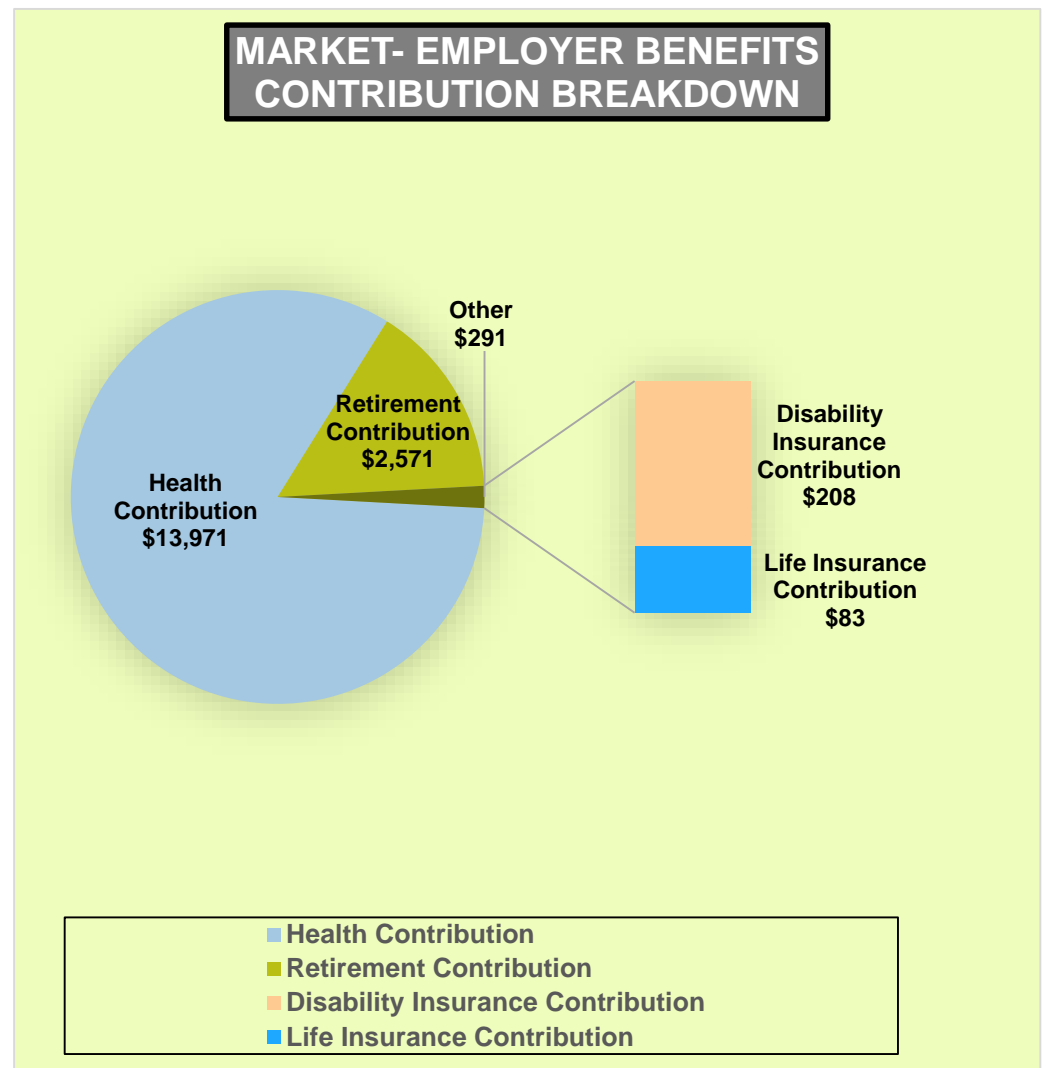
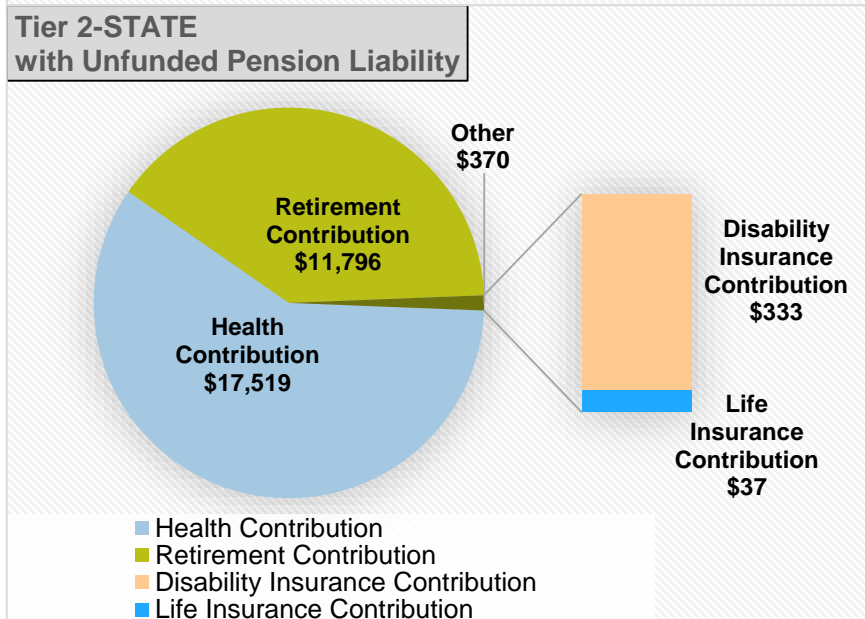
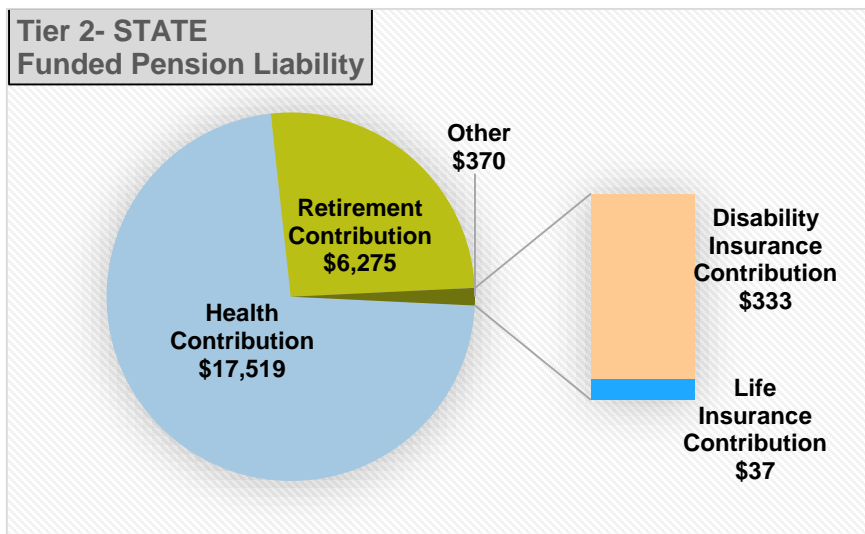
MARKET- EMPLOYER BENEFITS
CONTRIBUTION BREAKDOWN



- Health Contribution
- Retirement Contribution
- Disability Insurance Contribution
- Life Insurance Contribution

Employer Benefits Cost Breakdown- Tier 2

Following charts provide an overall mix of Tier 2 benefits at State vs. Market



Leave

Paid Vacation (Annual Leave) Days Comparison

The State is competitive with the private UT market, and provides a few more days of annual paid vacation compared to the market.

The table below provides a market comparison for the average number of annual paid vacation days provided to employees for an average tenure of 16 years; and the number of days that can be ‘banked’:

- Dollar values for annual paid vacation were calculated at average base salary level.

	Base Salary Average	Annual Vacation Paid Days* (Avg.)	Dollar Value Vacation Paid Days (\$) (at Avg. Salary)	% Diff from market (based on dollar value)
Current	\$55,547	20	\$4,166	6.7%
Market (P50)	\$63,320	18	\$4,465	

	Maximum paid vacation days "banked" (current plus carry over)	Dollar Value of annual "banked" days (\$)
Current	40	\$8,546
Market (P50)	29	\$7,134

*- Market Paid Vacation Days reflect maximum days of paid vacation with more than 15 years of service and less than 20 years of service

- State Paid Vacation Days reflect maximum days of paid vacation at 15 to 16yrs of services. Average tenure is 16.88yrs

Leave

Sick Leave Days Comparison

The State exceeds the private UT market in the number of annual sick leave days. The State does not have a accrual cap on accumulation of sick leave days.

The table below provides a market comparison for the average number of annual sick leave days provided to employees and the maximum number of days that can be accumulated:

- Dollar values for annual sick leave days were calculated at average base salary level.

	Base Salary Average	Annual Sick Leave Days (Avg.)	Dollar Value Sick Leave Days (\$) (at Avg. Salary)	% Diff from market (based on dollar value)	Maximum accumulation of Sick Leave Days	Dollar Value of Maximum accumulation of Sick Leave Days (\$)
Current	\$55,547	13	\$2,777	36.8%	Sick leave has no cap on accrual	-
Market (P50)	\$63,320	8	\$2,029		38	\$9,315

Leave

Other types of leaves- Holiday Comparison

The State is highly competitive with the market for the number of annual holidays provided. The State provides a few more holidays compared to private UT market.

The table below provides a market comparison for the average number of holidays provided to employees:

- Dollar values for annual holidays were calculated at average base salary level.

	Base Salary Average	Annual Holiday (Avg.)	Dollar Value Holiday (\$) (at Avg. Salary)	% Diff from market (based on dollar value)
Current	\$55,546	11	\$2,350	3.8%
Market (P50)	\$63,381	9	\$2,265	

FINDINGS & ANALYSIS

Comparison to Korn Ferry 2017 Results

Comparison – 2017 Korn Ferry Total Compensation Study

We compared our market results with the 2017 Korn Ferry (KF) Total Compensation Study

- We compared the base salary for benchmark jobs where there was more than a +/- 25% difference between the State's current salary and our survey results, and verified them with the KF results.
- We were able to find 11 overlapping benchmark jobs. The comparisons of the two survey results are shown on the next slide.
- Overall, our survey results are consistent with KF results. Benchmark jobs having a greater percentage difference with the KF results may be attributed to the labor market surveyed.
 - KF Study Labor Market surveyed both public and private industry organizations in Utah.
 - GBS Study Labor Market surveyed only private sector organizations in Utah.

Comparison – 2017 Korn Ferry Total Compensation Study

Comparison of market results with the 2017 Korn Ferry (KF) Total Compensation Study

Benchmark Jobs	Current State Base Salary Avg	2017 Korn Ferry Utah Market P50	GBS Study Market P50	% Difference (GBS from KF)
AUTOMOTIVE SERVICE WORKER II	\$24,445	\$45,900	\$38,596	-15.9%
EXECUTIVE SECRETARY	\$31,366	\$47,391	\$51,700	9.1%
HUMAN RESOURCE DIRECTOR, ATT GEN	\$81,120	\$119,751	\$102,700	-14.2%
PHYSICAL THERAPIST, USDB	\$56,503	\$82,884	\$82,200	-0.8%
OFFICE TECHNICIAN II	\$21,994	\$32,207	\$30,000	-6.9%
ACCOUNTING TECHNICIAN II	\$25,512	\$36,987	\$35,200	-4.8%
FINANCIAL ANALYST III	\$50,926	\$73,672	\$76,700	4.1%
JOURNEY HEAVY EQUIPMENT OPERATOR	\$35,776	\$49,535	\$39,600	-20.1%
JOURNEY ELECTRICIAN	\$42,975	\$57,314	\$49,600	-13.5%
TECHNICAL SUPPORT SPEC II	\$58,592	\$46,361	\$58,000	25.1%
TECHNICAL SUPPORT SPEC II, ATT GEN	\$68,047	\$46,361	\$58,000	25.1%

Comparison – 2017 Korn Ferry Total Compensation Study

Comparison of benefits results with the 2017 Korn Ferry (KF) Total Compensation Study

GBS Study results for benefits is consistent with the KF study.

Benefits Component	2017 Korn Ferry Study Findings	GBS Study Findings
Health Benefits	State's healthcare exceeds P75	Consistent with KF findings
Retirement	State's retirement benefits (Tier 2-Hybrid) exceeds P75	Consistent with KF findings
Disability (Short-Term, Long-Term)	competitive (exceed P75 in both markets)	Consistent with KF findings
Life Insurance	significantly lag the Utah Market Peer Group (<P25)	Consistent with KF findings
Leave	Leave (holiday/vacation/sick) is at or slightly above market	Consistent with KF findings

Comparison – 2017 Korn Ferry Total Compensation Study

Comparison of total compensation results with the 2017 Korn Ferry (KF) Total Compensation Study

GBS Study results for total compensation is consistent with the KF study.

	2017 Korn Ferry Study (% difference State vs. Utah Market P50)	GBS Study (% difference State vs. Utah Market P50)	Comments
Base Salary	-10.9%	-12.3%	Consistent with KF findings
Benefits	25.0% (Tier 2)	43.55% (Tier 2)	Differences may be attributed to KF market consisting of public and private Utah orgs.
Total Compensation	0.4% (Tier 2)	-0.55% (Tier 2)	Consistent with KF findings

Thank You

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