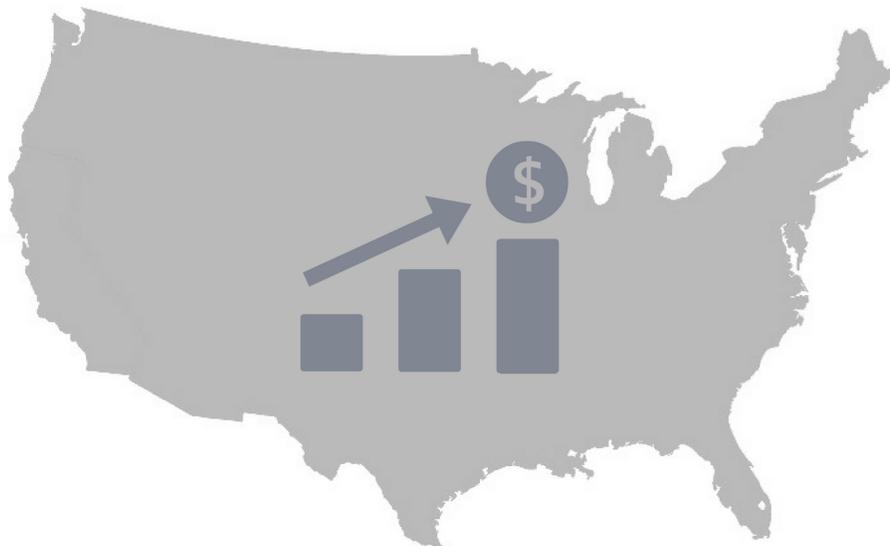




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National Compensation Forecast

July 2016



2017 National Compensation Forecast

As 2017 gets closer, compensation professionals are beginning to plan for next year's salary movement. Recently, there have been reports of a number of large organizations that are significantly increasing compensation. Are these organizations leading indicators of a wider trend for a period of wage growth, or are these increases simply an aberration? To answer this question, ERI examines compensation growth from a number of different perspectives to create a clearer picture of how compensation has grown in the past and how it will likely grow in the future. Please see the graphics on the following pages for details on these analyses.

Overall Trends

Overall, employers are reporting lower expected increases for 2017 than for 2016. These results are seen in *Figure 1* and represent survey respondents to ERI's Salary Increase Survey. In this survey, participants are asked about their budget and structure movement plans for the upcoming 12 months. *Figure 2* shows actual salary increases based on salary survey data collected for the Salary Assessor. A comparison of *Figure 1* and *Figure 2* reveals that the Salary Increase Survey has successfully predicted the direction of salary growth for 8 out of the past 10 years. This lends credence to the idea that the Salary Increase Survey predicts salary growth in the upcoming year.

Despite the fact that survey respondents have indicated a lower level of expected salary growth for 2017, it is possible that salary growth will remain flat or increase. This change could come about if current media reports influence compensation manager's perceptions of upcoming salary movement. If more employers expect wider salary increases in the upcoming year, then those expectations may influence actual salary movement in the wider economy. These reports have been published within the past one or two months, so these changes will not show up in survey data yet. ERI will continue tracking these changes and will release updates on a quarterly basis.

Trends by Category

While it is valuable to know how all occupations are moving in this economy, it is also useful to know how different types of occupations move relative to each other and across time. Not all occupations grow at the same rate, and not all occupations grow at the same rate across time. *Figure 3* reveals the total growth experienced by each job category across a 10 year period. Surprisingly, lower level occupations appear to have grown at a higher rate than higher level occupations. This might be due to lower level occupations having less compensation tied to organizational performance during the recession.

Table 3 reveals the actual growth rates for different occupational categories in the past three years and also provides information on whether the occupational category is seeing increased or decreased growth over the past three years. It is important to note that just because an occupational category has decelerating growth, it does not mean that the trend will continue. All occupations may be expected to see salary growth over time, so an occupational category that has been down for a while may be more likely to see growth in the near future.

Projected and Actual Salary Increases

Participants in the ERI Salary Increase Survey are indicating a lower rate of salary increase in 2017 than 2016, as seen in *Figure 1*. The expected rates of growth for 2017 are General Employees (2.7%), Professionals (2.9%) and Executives (2.9%). *Figure 2* represents the growth rates of actual surveyed occupations, as reported in the Salary Assessor.

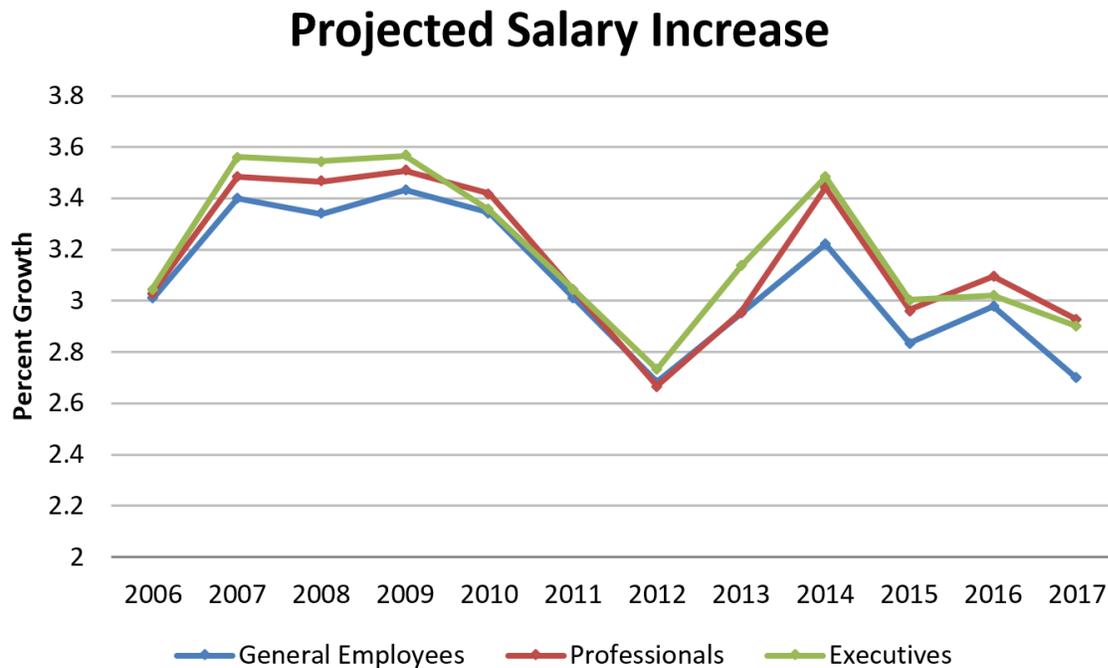


Figure 1 - Participant reported increases for the upcoming year. Source: ERI Salary Increase Survey



Figure 2 - Yearly compensation growth from July 1, 2006 to July 1, 2016. Source: ERI Salary Assessor

Job Category

A more nuanced picture emerges when salary growth is considered by job type. If we break all occupations down into 10 categories, it becomes clear that some occupations are growing at a faster rate than others. Comparing the total salary growth of occupations from 2006 to 2016 reveals that some types of jobs appear to be growing faster than others. Health Care and other lower level jobs appear to have grown the fastest, while Management and Sales occupations appear to have grown the slowest over the past 10 years. It is possible that the 2008 recession had a disproportionate effect on individuals whose compensation is tied to the revenue of the organization.

Total Salary Growth 2006-2016

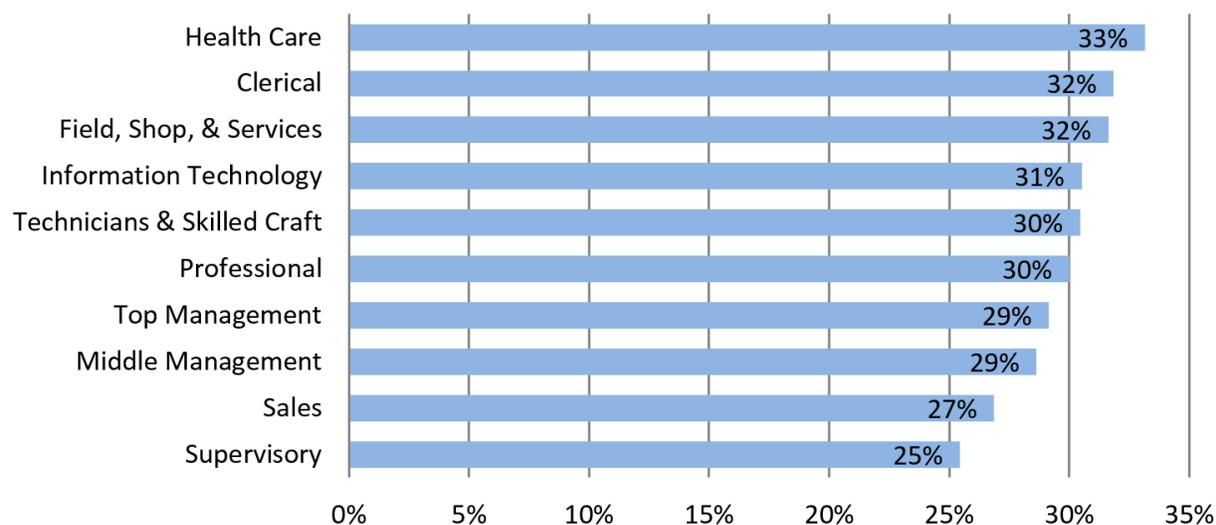


Figure 3 - Total salary growth by occupational category 2006-2016. Source: ERI Salary Assessor

2016 Mean Salary by Category

Table 1 illustrates the mean salaries for each category in the April 2016 quarter. These figures represent 2,408 consistently surveyed occupations in the United States. These categories represent broad occupational groups and are designed to capture large scale movements within each group.

Occupational Category	Mean Salary	2016 Growth	2015 Growth	2014 Growth	3 Year Growth	Trend
Top Management	\$ 160,934	3.1%	2.6%	2.9%	2.7%	→
Middle Management	\$ 98,897	3.4%	3.1%	3.0%	3.0%	→
Supervisory	\$ 75,439	3.1%	2.6%	2.7%	2.7%	↗
Health Care	\$ 110,109	2.6%	4.0%	2.5%	2.9%	↗
Information Technology	\$ 85,740	4.1%	2.2%	3.7%	3.2%	↗
Professional	\$ 81,845	2.8%	3.6%	3.5%	3.1%	↘
Sales	\$ 58,813	1.6%	3.5%	3.1%	2.6%	↘
Technicians & Skilled Craft	\$ 58,238	2.9%	2.8%	3.0%	2.8%	↘
Field, Shop, & Services	\$ 42,233	2.9%	3.0%	2.4%	2.6%	↗
Clerical	\$ 39,417	2.6%	2.3%	2.3%	2.3%	→

Table 1 - Mean salaries by occupational category (July 2016)

Occupational Categories

In the process of examining the growth of compensation data on a national basis, the data were broken into 10 specific occupational categories to study changes in compensation at a more granular level.

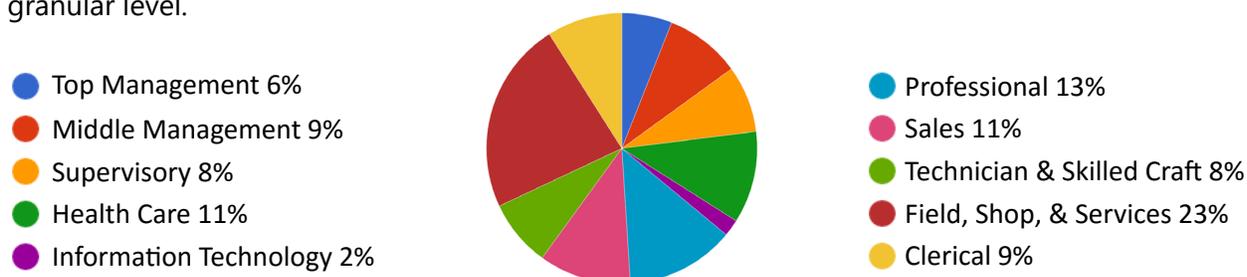


Figure 4 illustrates each category's percentage as it relates to the total number of occupations.

About the National Compensation Forecast

The **National Compensation Forecast** is designed to capture salary changes across a broad range of jobs found in the United States economy. This index shows how national compensation has changed over the ten years prior to the time of publication: July 2016. Specifically, the data range used for this study was July 1, 2006, to July 1, 2016. The data contained in this report are derived from quarterly results published in ERI's **Salary Assessor**, a professional compensation tool used widely across the public and private sector, including most Fortune 500 organizations. For a full discussion of the product's methodology, please see the [Salary Assessor methodology](#). The specific data used in this report represent 2,408 distinct occupations, which were consistently surveyed across the ten years covered by this report. These occupations range from the lowest paid occupation that ERI surveys (Dishwasher) to the highest paid (CEO) and represent mean base salary. Data are first examined on an aggregate basis before being broken down into 10 occupational categories. The data for the 2017 Forecast comes from data submitted to ERI's [Salary Increase Survey & Forecast](#) and represents data from 2,840 organizations.

In coming quarters, ERI will continue to track and report on the trends that exist in the compensation landscape.

Please email Jonas Johnson at jonas.johnson@erieri.com with questions or comments.

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