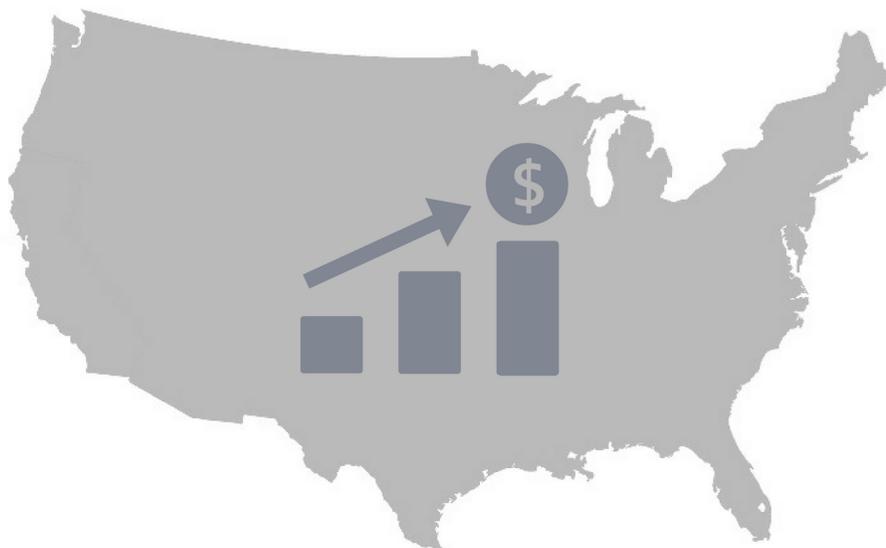




# National Compensation Forecast

October 2016



## 2017 National Compensation Forecast

As 2017 approaches, compensation professionals in the United States are planning salary increases for the upcoming year. A natural question during this process is whether salaries will increase at a different rate in 2017 than in 2016. In recent years ERI has reported increasing levels of salary growth, which is supported by independent sources such as the Employment Cost Index (ECI). Furthermore, there have been reports of a number of large organizations that are significantly increasing compensation. Taken together, these findings support the idea that salaries have increased in recent years. Will this trend of increased growth continue into 2017? 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, participants in ERI's **Salary Increase Survey** are reporting slightly higher increases at 3.1% for 2017 than when they reported 3.0% for 2016. Also of note, actual growth increased in 2016 from 2015, though it is still lower than 2014.

	<b>2015</b>	<b>2016</b>	<b>2017</b>
Salary Budget (% Increase)	3.0%	3.0%	3.1%
Salary Structure (% Increase)	2.3%	2.2%	2.2%

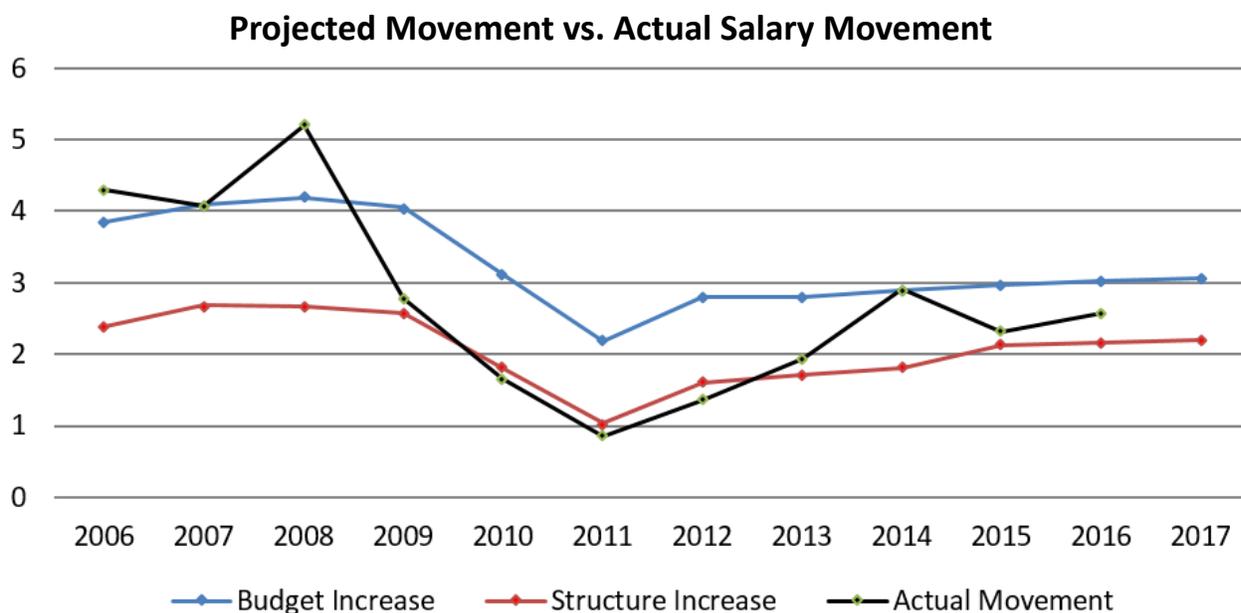
*Table 1 - Salary Budget and Salary Structure Increases 2015-2017 (ERI Salary Increase Survey).*

For a closer look at these trends please refer to *Figure 1* below, which has three lines. Two lines (red and blue) represent projected increases from ERI’s **Salary Increase Survey**, and the black line represents actual changes in salary reported in ERI’s **Salary Assessor**. The red line represents the expected salary structure increase, the blue line represents the expected budget salary increase, and the black line represents what actually happened in a given year. By comparing these three lines, we can see the extent to which expectations met up with reality. Generally, the actual movement (black line) is expected to follow the structure increase (red line). Salary surveys generally capture the movement of salary structures within organizations instead of measuring the salary increase of individual employees.

Why the difference? Actual movement of salaries as reported through the ERI **Salary Assessor** represents real compensation factoring in reported compensation, salary increases, employee turnover, new hires, and promotions. The Salary Increase Structure takes these factors into account but Salary Increase Budget does not. As a result, the actual movement is expected to be more similar to the expected Salary Structure Increase than the expected Salary Budget Increase.

An examination of where the reality of salary movement (black line) has departed from the expected salary structure increase (red line) gives us information regarding how salaries might move in the future. Specifically, the past three years have seen actual salaries grow at a rate that is higher than expectations. These trends are supported by reports of salary growth from sources like the Employment Cost Index (ECI), as well as reports of large entry level salary increases at major corporations.

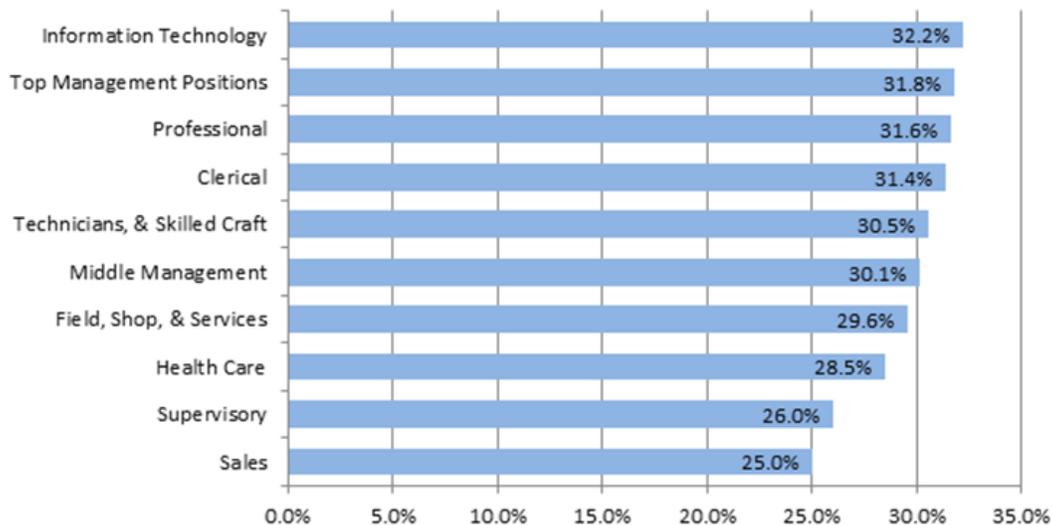
Based on these findings, the critical question is whether actual salaries will continue increasing at higher than expected rates. There are three directions that actual salary growth could go. It could increase, it could maintain the current growth rate, or it could decrease. While it is possible for actual salary increases to stay above the expected trend for an extended period, it is not likely to continue indefinitely based on history. Given this three year run of heightened actual salary increases, it might be more probable that actual salary change will decrease from the current level towards the expected salary increase trend.



**Figure 1 - Overall Trends.** 2017 Budget Increase (3.1%), 2017 Structure Increase (2.2%), 2016 Actual Increase (2.6%). Source: ERI Salary Increase Survey and ERI Salary Assessor.

## 10 Year Trend 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 2* reveals the total growth experienced across a ten-year period. If we break all occupations down into ten categories, it becomes clear that some occupations are growing at a faster rate than others. Specifically, Information Technology appears to have seen the highest level of growth, whereas Sales occupations have seen the slowest growth.



*Figure 2* - Total salary growth by occupational category 2006-2016. Source: ERI Salary Assessor

## 2016 Mean Salary by Category

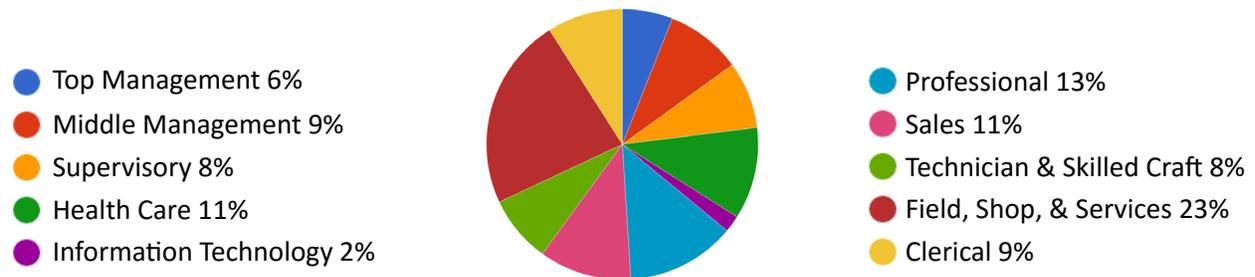
*Table 2* reveals the actual growth rates for different occupational categories in the past three years and also provides information on whether the occupational category is seeing increased or decreased growth over the past three years. It is important to note that, just because an occupational category 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.

Occupational Category	Mean Salary	2016 Growth	2015 Growth	2014 Growth	3 YR Growth	3 YR Trend
Top Management	\$161,435	3.0%	2.1%	3.6%	2.7%	↘
Middle Management	\$99,504	3.5%	2.5%	3.6%	3.0%	↘
Supervisory	\$75,912	3.1%	2.2%	3.3%	2.8%	↘
Health Care	\$110,690	3.1%	3.0%	3.1%	2.9%	→
Information Technology	\$86,609	5.0%	1.4%	4.2%	3.3%	↗
Professional	\$82,124	2.6%	2.9%	4.1%	3.1%	↘
Sales	\$58,862	1.2%	3.8%	2.3%	2.3%	↘
Technicians and Skilled Craft	\$58,508	2.7%	2.4%	3.4%	2.7%	↘
Field, Shop, & Services	\$42,448	2.8%	2.5%	3.0%	2.6%	→
Clerical	\$39,581	2.4%	2.2%	2.4%	2.2%	→

*Table 2* - Mean salaries by occupational category (October 2016).

## Occupational Categories

In the process of examining the growth of compensation data on a national basis, the data were broken into ten specific occupational categories to study changes in compensation at a more granular level. The populations of these categories are illustrated in *Figure 3* below.



*Figure 3* illustrates each category's percentage as it relates to the total number of occupations in this study.

## 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 report shows how national compensation has changed over the ten years prior to the time of publication: October 2016. Specifically, the data range used for this study was October 1, 2006, to October 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 2,482 distinct occupations, which were consistently surveyed across the three 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 ten occupational categories. In coming quarters, ERI will continue to track and report on the trends that exist in the compensation landscape.

The data for the October 2016 **National Compensation Forecast** comes from data submitted to ERI's [Salary Increase Survey & Forecast](#). This survey provides future and past salary increase rates broken down by level (general employee, professional, management), by industry, and by job function.

Please email Jonas Johnson at [jonas.johnson@erieri.com](mailto:jonas.johnson@erieri.com) with questions or comments.

### National Compensation Forecast – October 2016

ERI Economic Research Institute  
111 Academy Drive  
Suite 270  
Irvine, CA 92617

800.627.3697

[www.erieri.com](http://www.erieri.com)