Market Pricing Hybrid Positions

During the first two quarters of 2013, ERI researchers met with local associations across the U.S., finding that many professional organizations face a common challenge: market pricing compensation for employees performing a mixture of the tasks of two or more positions. As the economic downturn forced some organizations to become “lean,” in many cases, surviving employees took over the primary duties of former colleagues. The Hybrid Positions feature in the Salary Assessor allows for this type of market comparison. Users can define a unique Hybrid Position as a weighted set of up to nine other benchmark positions. Each position can be weighted equally or assigned weight by the user, depending on the duties required. Once named and saved, the Hybrid Position will automatically appear in the Salary Assessor’s position title list for future analyses. Each Hybrid Position analysis may be adjusted according to a specific geographic area, industry, organization size (e.g., revenue), and planning date.

Outsourcing and Salary Management

Globalization over the past 25 years has spawned debates about outsourcing and off-shoring U.S. jobs to cheaper labor markets, especially in the manufacturing industry. A recent article in The Atlantic suggests that factors other than labor costs are pushing multinational organizations to have a strong presence in developing global markets (www.theatlantic.com/business/archive/2013/03/why-we-can-all-stop-worrying-about-offshoring-and-outsourcing/274388/). ERI would like to research the possibility of another issue contributing to the trend: poor salary administration. As such, we are looking for case studies of companies that might still be in existence, or might have retained jobs within the U.S., if their salary structures were managed more efficiently. Please contact info.eri@erieri.com with information.

Looking Ahead to 2014

Many thought that the U.S. health care reform planned for 2014 would be overturned by the Supreme Court or expected a different outcome in the November 2012 U.S. elections. Neither occurred. As of May 28, there were 17 declared state-based exchanges (dark blue in map below), 7 states planning for partnership exchanges (light blue), and 27 states defaulting to federal exchanges (grey). Early enrollment to exchanges begins in October 2013. Many organizations should expect to see employees signing up on a state or federal exchange. Considering the numerous unknowns – rising health care costs, the anticipated “cadillac tax” (an excise tax on high-cost coverage), as well as a penalty (should the employer be found responsible for the worker) that extends to the employer’s total head count – employers may not be budgeting large amounts for salary increases in 2014.

Surveys Show Higher Increases

ERI Salary Surveys has concluded its 2013 submission period, with participant data collected for more than 125 U.S. and Canadian compensation surveys. From 2011 to 2012, benchmark jobs in our surveys showed an average increase of over 4%, which was slightly higher than other ERI research for the same period. This variance suggests that participating organizations have been granting regular increases in recent years. ERI researchers will continue to monitor participant data for specific industries and job families not affected by salary freezes. All compensation surveys will be available in August 2013 (see page 3).
ECONOMIC NEWS

H-1B Fiscal Year 2014 Cap Reached
American businesses use the H-1B program to employ foreign workers in specialty occupations that require theoretical or technical expertise in specialized fields, such as scientists, engineers, or computer programmers. For the first time since 2008, U.S. Citizenship and Immigration Services (USCIS) reached the statutory H-1B cap of 65,000 for fiscal year 2014 within the first five days of the filing period, perhaps indicating that the economy is improving. With approximately 124,000 H-1B petitions received during the filing period, USCIS used a random, computer-generated lottery system to select the limited number of petitions.

E-filing for All Nonprofits
President Obama’s proposed budget included one issue of special interest to ERI: the request for Congress to require nonprofits to file all Forms 990 electronically and to encourage the IRS to release the data to the public in a format ready for computer use.

Current regulations only require e-filing for tax-exempt organizations with assets of $10 million or more that also file at least 250 other documents with the IRS (such as wage information for employees). Very few organizations meet the mandatory requirement, but many 990 filers submit their returns electronically voluntarily. In addition, the very small organizations that file the 990-N (with only a few questions to confirm contact information and revenue level) are required to e-file. About 683,000 groups of the nearly 1.3 million tax-exempt organizations filed their returns electronically in 2012. While the headlines may focus on being “forced to e-file” (see http://philanthropy.com/article/White-House-Seeks-to-force/138481/), the reality is that most of the sector is on record in favor of this change.

Another important part of this proposal is the request that the IRS release data on all tax-exempt groups in a timely manner using a format that is easy for computers to read. Currently, the IRS converts any e-filed returns to an image of the form, then combines them with images of all paper returns, and provides them to researchers and companies like ERI. Then the process of data entry begins, as the data from the images are keyed into databases so that they can be used. Even though data are often e-filed with the IRS, those data are not provided in a computer-ready format. Thus, the process for making these public data accessible to users is time-consuming, very costly, and potentially prone to errors (e.g., changing formats, data entry, etc.).

It is a win-win issue—information will be more readily available to potential donors, regulators and watchdogs, the media, and others who have a stake in nonprofit finances and, at the same time, the IRS will see decreased costs for handling nonprofit returns. While the fate of the overall budget is uncertain, we’re hopeful that Congress will enact this sensible proposal.

State Coincident Indexes
The Federal Reserve Bank of Philadelphia produces a monthly economic report for each of the 50 states, released a few days after the Bureau of Labor Statistics (BLS) publishes employment data. For those who closely follow state patterns, the coincident indexes combine four state-level indicators to summarize current economic conditions in a single statistic: nonfarm payroll employment, average hours worked in manufacturing, the unemployment rate, and wage and salary disbursements deflated by the consumer price index. The trend for each state’s index is then set to the trend of its gross domestic product. As shown in the map above, the three-month indexes for April 2013 increased in 47 states, decreased in 2, and remained unchanged in 1. The Philadelphia Fed’s U.S. national index rose 0.2% in April and 0.8% over the previous three months.

Enhancing a Mobile Workforce
About one-third of total U.S. corporate sales are now generated overseas. According to the 2012 Trends in Global Relocation Survey by Cartus, about 57% of companies expect to increase the number of employees transferred this year and next. ERI’s Relocation Assessor can assist in meeting the “Big Three Challenges to HR New Growth Agenda” outlined in KPMG’s Rethinking Human Resources in a Changing World: (1) maintaining a balance between global and local in terms of managing, hiring, and identifying talent; (2) managing flexibility in workforce policies and supporting virtual work styles without losing employee loyalty or impeding career development; and (3) engaging and retaining the best talent with an increasingly mobile workforce.
Preorder Compensation Surveys Today

ERI Salary Surveys will release its collection of industry-specific and job function compensation surveys this August. These traditional compensation surveys provide survey participant data collected through the period of October 1, 2012, to April 12, 2013, plus two additional sources of compensation data for comparison purposes, including data for jobs in tax-exempt, publicly traded, and private for-profit organizations. Most surveys include approximately 100 benchmark jobs ranging from support staff to executive positions and report the following information for each position: annual salary, incentive/variable pay, total direct annual compensation, job description, and a graph with a trend line and data points. Salary data are shown in means, medians, and percentile cuts. Results are available by national or statewide averages, with the option to include the Selected Characteristics of Occupation.

U.S. industries include manufacturing, retail, wholesale, transportation, utilities, and more, plus over 20 nonprofit sectors. More than 30 Canadian for-profit surveys reporting national averages are also available. Ranging in price from $489 to $689, these surveys provide current, affordable data. To access a survey’s Executive Summary, list of benchmark job titles surveyed, participant list, sample pages, or other information, visit http://salary-surveys.erieri.com.

2013 Health Care Benefits Survey

Health care reform and rising medical costs have many organizations throughout the U.S. implementing less expensive health care options. Rather than offering changes in traditional plans, some employers are moving to high deductible health plans coupled with a Health Savings Account. Others are simply reducing benefit levels overall through cost-saving measures.

The 2013 Health Care Benefits Benchmarking Survey, released April 2, 2013, documents these and other trends. Data are reported for 345 medical and 242 dental plans from 208 employers representing more than 145,000 employees in the public, private, and nonprofit sectors, as well as government entities in the U.S. The information provides employers with a baseline of current health plan costs and practices that may be used to make informed decisions regarding benefits management.

In just the past two years, the number of participating organizations offering high deductible health plans has grown by 55%. High deductible plans carry lower premiums and shift more medical costs to employees. This year’s respondents also reported using the following cost-saving measures:

- 54% increased employee contribution to premium
- 22% increased prescription co-payment or coinsurance amounts
- 28% increased medical co-payment or coinsurance amounts
- 34% increased deductible amounts
- 28% increased out-of-pocket maximum amounts
- 14% changed the drug formulary
- 8% moved to self-insurance

The survey reports on length of service requirements for coverage and cost-management strategies, as well as detailed medical, dental, and vision benefits by employer size, type, and geographic location. Data were collected from October 1, 2012, to February 15, 2013, and the requested effective date of benefits data was January 1, 2013. The survey is available online for $289.

Benefits in Nonprofit Organizations

Benefits are so complex from an administrative and compliance perspective that it is sometimes easy to lose sight of the reason they are offered. The purpose should be to attract, retain, and motivate qualified employees. This becomes a particularly difficult task when the organization is nonprofit and has limited funds that can be committed to maintaining an attractive benefit package. With a strong focus on medical, prescription, and dental costs, the data in the 13th annual Benefits in Nonprofit Organizations survey serves as a valuable reference for comparing benefit offerings to those of other nonprofit organizations throughout the U.S. Data are reported by organization scope, type of organization, geographic region, and organization size. The survey is available for purchase July 1, 2013, for $489.

Participation in ERI Salary Surveys

Our submission period for over 125 industry-specific and job function compensation surveys officially ended in April. Overall, we received 27% more submissions than the previous year. In addition to other participants, hundreds of Assessor Series subscribers submitted salary information via the Survey Questionnaire button on the Platform Library. Participants included Geico, Boeing, Red Bull, YMCA, Aveda, T-Mobile, Shopko, and other organizations representing various industries and sectors. Participation for our 2014 surveys opens October 1, 2013.
The purpose of this analysis is to examine the mix of equity compensation, specifically stock and option awards, and how each has changed over the period of 2007 through 2011. The complete white paper is available in web-based Enterprise Editions. Brief videos are available highlighting the features of these new online products:

www.erieri.com/salaryassessor/news
www.erieri.com/geographicassessor/news
www.erieri.com/relocationassessor/news

Please contact ERI at info.eri@erieri.com for more information.

ERI White Papers
ERI researchers have recently released two articles on pay trends:

Tracking Salary Growth by Education Level and Degree
Our latest analysis of salary growth focuses on salary change by education over the past 15 years. Similar to our previous white paper, “Analysis of Salary Growth Over Time,” this study uses underlying data from ERI’s Salary Assessor and is broken down into two separate analyses: overall growth by education level and growth by degree. The first analysis examining overall growth by level covers 1,462 occupations whose salaries were consistently tracked from 1998 to 2012. The second analysis examining growth by degree was limited to science, technology, engineering, and mathematics (STEM) and health care degrees because they tend to have clearer career progressions than liberal arts degrees. This analysis was conducted using 360 occupations that were examined on a quarterly basis between 1998 and 2012. These analyses are not intended as a recommendation or endorsement for a field of study or specific academic degree. Rather, they are meant to further the discussion of salary trends and compensation research. Read the full article at www.erieri.com/PDF/SalaryTrendsByEducation.pdf.

CEO Equity Compensation Recalibration
Executive compensation and company revenue are up in 2013. In fact, this is the first time since late 2007 that both Named Executive Officer compensation and company revenue showed year-over-year gains greater than 10% (ERI, 2013). Although mortgage delinquencies continue to be a concern, other economic indicators like interest rates, consumer spending, and economic expansion (GDP) are within acceptable limits, according to a recently published economic dashboard (Russell Investments, 2013). With economic recovery in sight, what trends have occurred relative to the performance of U.S. corporations and executive compensation pay practices? Are organizations rewarding their executives differently, or has compensation simply risen across the board? While it is clear that executive compensation is up, the purpose of this analysis is to examine the mix of equity compensation, specifically stock and option awards, and how each has changed over the period of 2007 through 2011. The complete white paper is available at www.erieri.com/PDF/CEOEquityCompensation.pdf.

Upcoming ERI Webinars
ERI’s compensation experts host public webinars offering HR recertification credit as well as subscriber webinars explaining features of the Assessor Series products. For more information or to sign up, see www.erieri.com/Webinars (public webinars) or www.erieri.com/ConferenceCalls (subscriber webinars):

Public Webinars
Introduction to Cost of Living and Cost of Labor in Workforce Planning
July 30, 2013 – 9:00 AM - 10:30 AM (PST)

Introduction to Executive Compensation
August 27, 2013 – 9:00 AM - 10:30 AM (PST)

Compensation Basics
September 17, 2013 – 9:00 AM - 10:30 AM (PST)

Subscriber Webinars
Salary Assessor Training - Online Editions
July 9, 2013 – 8:00 AM - 9:00 AM (PST)
August 8, 2013 – 8:00 AM - 9:00 AM (PST)
September 10, 2013 – 8:00 AM - 9:00 AM (PST)

Salary Assessor Training
July 11, 2013 – 8:00 AM - 9:00 AM (PST)
August 13, 2013 – 8:00 AM - 9:00 AM (PST)
September 12, 2013 – 8:00 AM - 9:00 AM (PST)

Executive Compensation Assessor Training
July 18, 2013 – 8:00 AM - 9:00 AM (PST)
August 15, 2013 – 8:00 AM - 9:00 AM (PST)
September 19, 2013 – 8:00 AM - 9:00 AM (PST)

Relocation Assessor Training
July 25, 2013 – 8:00 AM - 9:00 AM (PST)
August 22, 2013 – 8:00 AM - 9:00 AM (PST)
September 26, 2013 – 8:00 AM - 9:00 AM (PST)

Geographic Assessor Training
August 1, 2013 – 9:00 AM - 10:00 AM (PST)

Online HR Courses
ERI provides 53 free distance learning courses designed to assist in training those new to compensation and benefits. The Distance Learning Center (DLC) offers recertification credits for maintaining a PHR, GPHR, or SPHR certification from the Society for Human Resource Management (SHRM); a CBP, CCP, or GRP certification from WorldatWork Society of Certified Professionals; or a CPA license through accounting courses approved by the National Association of State Boards of Accountancy (NASBA). All courses are free – for credit, there is a one-time $49.00 exam fee per course. See http://dlc.erieri.com for details.