



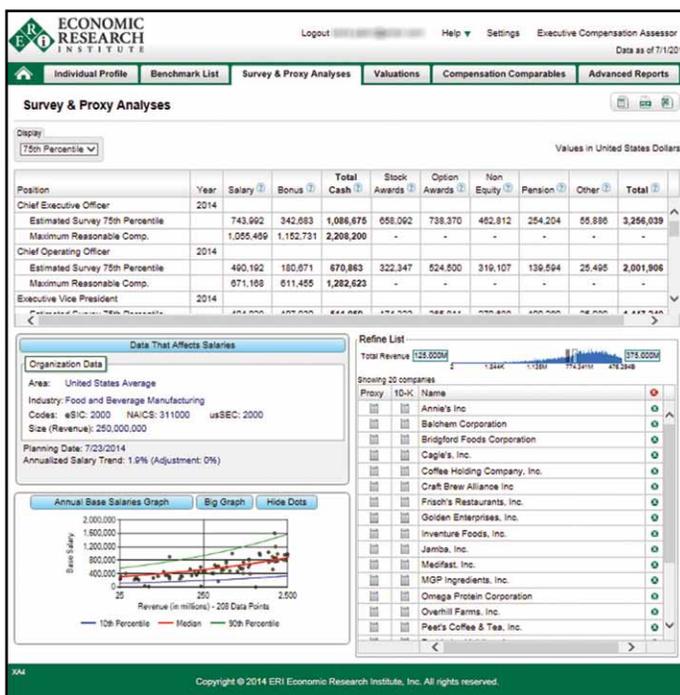
**ECONOMIC
RESEARCH
INSTITUTE**

ERI UPDATE

Quarterly Notes for ERI Subscribers

Cloud Assessor Series - New Features

ERI continues to add features to its cloud-based **Assessor Series**® based on customer requests. With the August 1st release of the **Executive Compensation Assessor**®, users can now display alternate percentile estimates for items on the Survey & Proxy Analysis tab, with the option of reporting mean, median, or the 10th, 25th, 75th, or 90th percentiles. In addition, users are now able to compute three separate market indexes on the Benchmark List tab (one each for base salary, incentive, and total) by using the Compensation Type menu. We also recently added an Advanced Reports tab to the **Executive Compensation Assessor** that has been a very popular new feature of the **Salary Assessor**®. The Advanced Reports tab allows users to quickly produce reports that until now would have required exporting multiple reports from various tabs. A recent release of the **Geographic Assessor**® added the Comparison List - COL table in which users can compare cost of living for multiple earnings levels in up to 1,000 cities at a time as compared to a base area (e.g., headquarters) or a national average, just as they already can with cost of labor on the existing tab. If you would like further details on the new features available in the cloud-based **Assessor Series**, please contact us for a guided tour or sign up for one of the regular webinars that we conduct on each product.



How to Conduct a Job Analysis - Part 2

There are seven major steps in a job analysis approach to designing a compensation system:

- 1. Select jobs to analyze and tools/methods for job analysis**
 - Create a unique job analysis tool from the ground up.
 - Alternatively, identify off-the-shelf job analysis tools that are cost effective and have empirical data supporting reliability and validity.
- 2. Collect data using two or more of the following options:**
 - Communicate with incumbents regarding the process.
 - Set up work observation if necessary.
 - Select incumbents to interview (at least 10% per job).
 - Decide on the type of interview process (individual vs. group).
 - Manage data quality (entry, security, etc.).
- 3. Conduct data audits**
 - Review data thoroughly.
 - Check for missing data.
 - Address conflicting data.
 - Conduct reliability checks.
- 4. Create solutions with analysis**
 - Establish job specifications that generate detailed job descriptions, selection methods, training and performance appraisal systems, as well as job worth hierarchies.
 - Establish job classifications grouping jobs into clusters or families via job evaluation points.
- 5. Integrate market data**
 - Pair each job in the list with corresponding market data.
 - Reassign jobs to different grades, as needed, using market data.
- 6. Calculate averages**
 - Use averages to create midpoints and differentials.
 - Avoid large differentials between grades.
 - Smooth out the midpoints so differentials are fairly uniform.
 - Choose the anchor grade that represents the strategic functions of the organization and reflects a high payroll value.
 - Align internal and external results with organizational goals.
- 7. Create ranges which meet the following requirements:**
 - Become narrower as the grades get lower.
 - Allow employees to move within a grade as they progress in a given job.
 - Apply a percentage above and below the midpoint to create a range minimum and range maximum.

See www.eri.com/pdf/job_analysis_PartII_whitepaper.pdf.

COST OF LIVING

Housing Considerations for Short-Term Assignments

The increase in the number of short-term assignments (STAs) continues to allow flexibility and adaptability in supporting business objectives for a growing number of organizations, both domestically and globally. Estimating the costs and understanding the benefits of STAs usually falls to HR and mobility professionals. Housing expenses are typically the largest component and a key issue in measuring ROI for limited length assignments. Whether implementing a direct reimbursement system or calculating a lump sum payment, professionals need accurate housing data to provide management with defensible budgets. Best practices should include the evaluation of serviced apartments or corporate housing as an alternative to extended hotel stays for assignments over ten days in length.

There are two primary types of serviced apartments to evaluate: extended stay (aparthotels) and corporate housing. Aparthotels are commonly located in and around city centers and large business parks. Many locations offer a wide range of pricing from budget to super deluxe. These accommodations typically feature several bedrooms, a separate living area, a kitchen, and one or more bathrooms. It is common for a 24-hour reception area to be available for guests, and concierge services may be provided. Corporate housing usually consists of upgraded residential properties designed for 30-day plus stays. Services such as cleaning, utility bills, local taxes, as well as phone and cable bills are often included in the price. In many locations, taxes designed to target tourists and under 30-day business trips do not apply to either of these accommodations.

Shorter-lease, non-serviced apartments may also be considered; however, the guest will not receive cleaning services, bed linen laundering, or towel changes. Utilities may or may not be included.

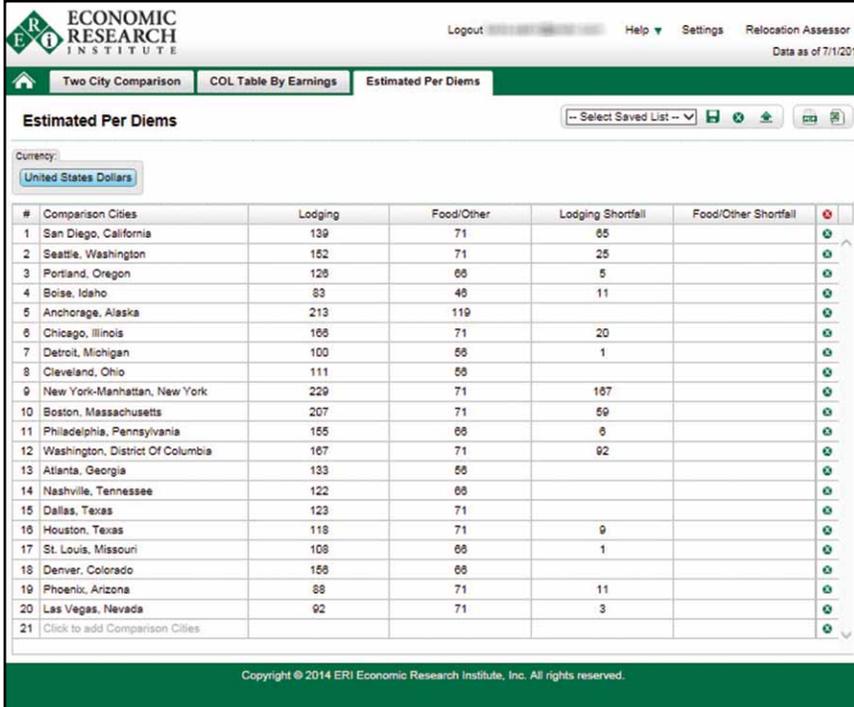
Booking serviced apartments or corporate housing is somewhat more complicated than making a hotel reservation. Usually a security deposit is required, and arrangements for surcharges, such as Internet and parking, may apply. Cancellation fees may apply. Amenities such as reception services, pool and fitness facilities, and a laundry service may be included or offered at extra costs.

The pricing advantages to companies of using serviced housing rather than hotels may include the following:

- Minimizing the hidden extra costs, like minibar use, room service charges, daily Internet charges, and parking fees.
- In many locations, taxes are lower for longer-term stays. For example, in the UK, the VAT is only 4% for a stay of 28 days or more.
- Reduced per night rates for stays of longer than 7 nights and further reductions after 30 nights.
- It is cost effective to have colleagues sharing a larger single unit. A two-bedroom/two-bath apartment is frequently much less expensive than two one-bedroom units.

There are also advantages to employees. They may enjoy more room and a homey feeling offered in this class of temporary housing. Most aparthotels and corporate housing offer more privacy than hotels. They have fewer units and smaller (if any) public areas. A fully equipped kitchen offers the flexibility to eat in or out, and many units include the convenience of a washer and dryer.

The **Relocation Assessor**[®] software currently includes Per Diems for lodging and meals using data from the Department of State and the Defense Department for federal workers and contractors. These figures are constructed to reimburse employees for hotel and restaurant costs. To strengthen STA budgeting, ERI Economic Research Institute is developing data sets which include pricing for short-term, serviced housing in locations where temporary assignments are prevalent. For more information, please contact us by email at info.eri@erieri.com or by phone at (800) 627-3697.



The screenshot displays the 'Estimated Per Diems' section of the Relocation Assessor software. The interface includes a navigation bar with 'Two City Comparison', 'COL Table By Earnings', and 'Estimated Per Diems'. The table below lists 20 comparison cities with columns for Lodging, Food/Other, Lodging Shortfall, and Food/Other Shortfall. The currency is set to United States Dollars. The footer indicates copyright © 2014 ERI Economic Research Institute, Inc. All rights reserved.

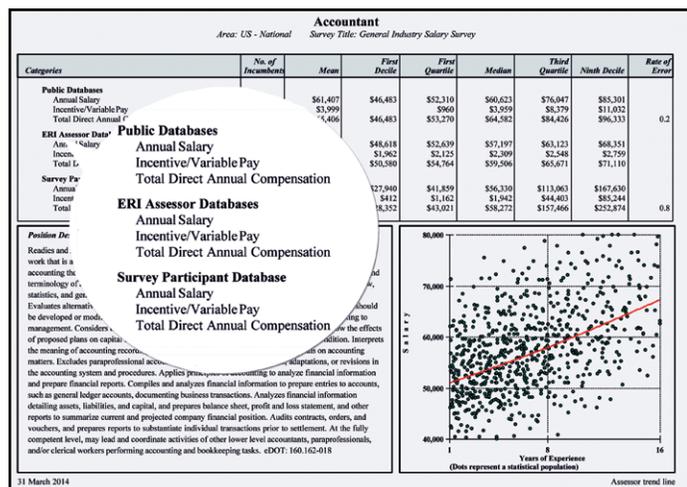
#	Comparison Cities	Lodging	Food/Other	Lodging Shortfall	Food/Other Shortfall
1	San Diego, California	139	71	68	
2	Seattle, Washington	152	71	25	
3	Portland, Oregon	129	68	5	
4	Boise, Idaho	83	48	11	
5	Anchorage, Alaska	213	119		
6	Chicago, Illinois	166	71	20	
7	Detroit, Michigan	100	58	1	
8	Cleveland, Ohio	111	58		
9	New York-Manhattan, New York	229	71	167	
10	Boston, Massachusetts	207	71	59	
11	Philadelphia, Pennsylvania	155	68	8	
12	Washington, District Of Columbia	167	71	92	
13	Atlanta, Georgia	133	58		
14	Nashville, Tennessee	122	68		
15	Dallas, Texas	123	71		
16	Houston, Texas	118	71	9	
17	St. Louis, Missouri	108	68	1	
18	Denver, Colorado	156	68		
19	Phoenix, Arizona	88	71	11	
20	Las Vegas, Nevada	92	71	3	
21	Click to add Comparison Cities				

ERI SALARY SURVEYS

2014 Compensation Surveys Released

ERI Salary Surveys has released its 2014 collection of industry and job function compensation surveys for the United States and Canada. These are traditional salary surveys, reporting employer-provided participant data gathered during the present and prior year (October 2013 to March 2014), complemented by two additional sections of data for comparison purposes. The result is up to three survey sources per benchmark job.

Surveys typically include more than 100 benchmark jobs, from support staff to executive positions. In addition to market-based pay data – annual salary, incentive/variable pay, and total direct annual compensation shown in means, medians, and percentiles – each benchmark position includes a job description, a graph with a trend line and data points, and the Selected Characteristics of the Occupation (optional).



Surveys range in price from \$489 to \$789 and may be purchased online at <http://salary-surveys.eri.com>. All 2014 U.S. surveys are available with national or regional results. The reports are delivered as a PDF or hardcopy document (with an additional printing and shipping charge applied). For more information, please visit **ERI Salary Surveys** online or contact us by email at survey.sales@erieri.com or by phone at (877) 210-6563.

New Executive Survey for 2015

Our 2015 **Top Management and Executive Compensation Survey** has been expanded to provide comprehensive data for both cash and non-cash compensation. The new report will continue to feature annual salary and bonus pay data; additionally, the survey will cover long-term incentives, both cash and equity, that are found in executive compensation packages. Find more information and a link to participate at <http://salary-surveys.eri.com/TopManagementandExecutiveCompensationSurvey>.

Participation Opens for 2015 Surveys

The participation window for **ERI Salary Surveys** opens October 1, 2014, and continues through March 31, 2015. As an early bird incentive, we are offering a 75% discount applied to the purchase of the results for those who participate in any of our compensation and benefits surveys before the end of 2014. For the remainder of the collection period, participants will receive a 50% discount. Information on our surveys and participation options may be found at <http://salary-surveys.eri.com>.

How to Participate in Our Surveys

Step One: Choose a Survey by Industry or Job Function

- Select from a variety of compensation surveys for the U.S. and Canada at <http://salary-surveys.eri.com>. We also offer two benefits surveys that cover medical, dental, vision, and other non-cash compensation.

Step Two: Participate Online or Offline

- Complete a questionnaire online or offline. Each survey description page on our website includes an online submission form as well as Excel and PDF versions of our survey questionnaires.

Step Three: Submit Your Data and Order Form

- Complete the online submission process to submit your data and to order online. Questionnaires and order forms in Excel and PDF formats may be returned by mail, email, or fax.

2014-2015 Salary Increase Report

In late August, ERI released the latest **Salary Increase Survey & Forecast** with an average salary budget of 3.0% for 2015. As with results of ERI's other compensation and benefits surveys, **Assessors Series** subscribers receive this report free with participation. ERI subscribers must access survey questionnaires from the **Platform Library**® and participate to avoid standard fees. These discounts do not apply to **Assessor Series** subscriptions.

Earn Recertification Credits

HR professionals are now eligible to receive recertification credits for WorldatWork Society of Certified Professionals® designations (e.g., CCP, CBP, GRP, CSCP, CECP and WLCP) by participating in **ERI Salary Surveys** compensation and benefits surveys. Each completed survey is eligible for 0.5 recertification credits. A maximum of two surveys from ERI may be used for credit per recertification period. To receive credit, participants may enter their involvement with **ERI Salary Surveys** through WorldatWork's online recertification application in the "Leadership Section" under "Non-WorldatWork Survey Credits." For more information, please contact WorldatWork at customerrelations@worldatwork.org.

NONPROFIT PAY & UPCOMING EVENTS

An Update on E-filing for Forms 990

The IRS Forms 990 filed annually by nonprofits can provide valuable information about these organizations, including pay for their executives, fundraising expenses, and names of board members, as well as services offered, and they are available to the public. The problem is the way that the IRS makes the data available – only in an image format, so that users must type the needed data into a database before any analysis of multiple forms is possible. Even if the organizations submit their forms electronically, the IRS converts them to images before their release to the public. Currently, watchdog groups and others that provide information on charities, including ERI Economic Research Institute, have to spend money and time to manually enter the data they get from the IRS before making it available to the public, even if it has previously been digitized.

On June 18, 2014, a federal district judge in San Francisco decided that a lawsuit against the IRS filed by an open-records group could proceed. The lawsuit was filed when the IRS failed to provide several Forms 990 in a format that can be read by computers (these were forms that were originally submitted electronically to the IRS). Public.Resource.org, a nonprofit which was successful in pushing the Securities and Exchange Commission to post corporate filings free online in the 1990s, among other projects, initiated the lawsuit. While the IRS asked the court to dismiss the suit, arguing that the Freedom of Information Act does not require the agency to provide documents in any specific format and that it would be difficult to create a new system for removing confidential information before releasing machine-readable files, the judge said he had tentatively decided to hear the arguments, with a possible decision in late 2014.

While electronic filing has been supported by much of the nonprofit sector for years, progress has been slow because of legal and administrative hurdles. In two recent budgets, the Obama administration budgets proposed making e-filing mandatory and requiring the IRS to release them in machine-readable format for the tax years that follow. While key lawmakers have endorsed the idea, there has been no congressional action.

Currently, charities with at least \$10 million in assets, plus all foundations and charitable trusts, must submit forms electronically if they file at least 250 tax returns during the year, such as W-2 forms for employees. Nonprofits with \$50,000 or less in revenue are required to file an electronic postcard (Form 990-N). All other organizations can elect to file electronically, and about 70% of nonprofit returns are still mailed to the IRS in a paper format. So the IRS has chosen to make all returns, whether filed electronically or not, available to the public as images only.

While ERI awaits the outcomes of lawsuits and government actions, we continue to digitize Forms 990 so that this compensation data can be used in the **Nonprofit Comparables Assessor™**.

Upcoming Webinars

ERI's compensation experts host regular webinars focusing on specific **Assessor Series** applications, as well as public webinars offering HR recertification credit. For more information or to register for a webinar, see www.eri.com/Webinars.

Subscriber Webinars

Geographic Assessor Training

October 2, 2014 – 9:00 AM - 10:00 AM (PDT)

November 6, 2014 – 9:00 AM - 10:00 AM (PST)

December 4, 2014 – 9:00 AM - 10:00 AM (PST)

Executive Compensation Assessor Training

October 16, 2014 – 8:00 AM - 9:00 AM (PDT)

November 20, 2014 – 8:00 AM - 9:00 AM (PST)

December 18, 2014 – 9:00 AM - 10:00 AM (PST)

Relocation Assessor Training

October 23, 2014 – 8:00 AM - 9:00 AM (PDT)

November 19, 2014 – 8:00 AM - 9:00 AM (PST)

Salary Assessor Training

October 14, 2014 – 9:00 AM - 10:00 AM (PDT)

November 11, 2014 – 9:00 AM - 10:00 AM (PST)

December 9, 2014 – 9:00 AM - 10:00 AM (PST)

Public Webinars

Analyzing and Using Salary Survey Data

October 22, 2014 – 9:00 AM - 10:30 AM (PDT)

December 10, 2014 – 9:00 AM - 10:30 AM (PST)

This webinar will discuss practical guidelines that may be used for identifying, selecting, analyzing, and using market data to complete essential tasks in determining external competitiveness and establishing a competitive market-based pay program. The importance of communicating the compensation program effectively will also be discussed, and practical tips will be provided to assist you in “getting the message” to your employees so that they may understand and, ultimately, buy into the program.

Designing Base Pay Structures

November 19, 2014 – 9:00 AM - 10:30 AM (PST)

This webinar provides information and tips that may be used to effectively design a pay structure with competitive grades. Various approaches that may be used in assigning jobs to grades within the structure will also be discussed.

Upcoming Trade Shows

AICPA Forensic & Valuation Services Conference

November 9-11, 2014

New Orleans, LA