

Compensation increases for State employees in the executive branch of Government under the Governor's jurisdiction for Fiscal Year 25 involve pay adjustments based on market information. Below is an overview of this process.

### **What is our comparator market?**

As determined nearly 15 years ago in the comprehensive pay study by the Hay Group, the market information upon which compensation determinations are made for the State of Kansas workforce is comprised of private and other public employers within Kansas, as well as information from eight surrounding states. The states included in that group are as follows: Arkansas, Colorado, Iowa, Missouri, Nebraska, New Mexico, Oklahoma and Wyoming.

### **How is the information compiled?**

The Office of Personnel Services (OPS) within the Department of Administration is responsible for compiling this information on an annual basis. For the information from other states, OPS uses information from the National Compensation Association of State Governments (NCASG), which conducts an annual survey of nearly all states.

For the in-state employers, OPS conducts an annual salary survey of one-third of the State's workforce. The State of Kansas has just under 350 job classifications, along with nearly double that number of unclassified job titles. A survey of that size would simply not be completed by many employers, so only surveying a third every year reduces the size of the survey to increase participation while still providing for timely data.

In addition, the survey does not include every level of a job, but instead includes key benchmarks that provide OPS with an overall understanding of the market position of the entire job family. For example, the State of Kansas has five levels of accountant, so rather than including all five of those as benchmarks, only the Accountant III level is included, which then allows OPS to map the market position of the other levels off of that information.

Rather than asking respondents to match titles, OPS provides a description of the duties for each benchmark and asks the employers to provide information for the job in their organization that matches with those duties. Staff from OPS then follow up with respondents to make sure that the comparisons are accurate.

The pay information that is requested is the average pay of all employees performing the duties of a particular benchmark job. While some salary surveys compare salary structures or starting rates, the State of Kansas prefers to use the actual average of employees performing the work, as it captures the full spectrum of employees, from recent hires to very experienced workers.

### **How are the results of the survey presented?**

OPS prepares a Market Survey: Summary Results of the survey every year, typically in late October or early November, depending on when the data from the NCASG is made available.

Looking at the *2023 Market Survey: Summary Results*, the column on the far left lists the job classes and titles that were used as benchmarks in the survey, in alphabetical order. The next three columns of the document show the information for State of Kansas positions. The first of those columns shows the number of employees in the listed benchmark, which is pretty self-explanatory. The second column shows the average hourly rate of those employees. This is base pay only and does not include overtime or any premium pays such as differentials.

The last of those three columns shows the market position of that particular benchmark. That is determined by comparing the SOK Average pay to the Market Rate column and showing the difference as a percentage. A negative number shows that the benchmark is below the market average while a positive number shows that a benchmark is above the market average.

The Market Rate column shows the average hourly rate for the benchmark, based on the data from the eight columns to the right, the first four of which are from in-state employers and the last four of which are from other State governments. In those columns, the number of employees is a total of the number of employees from respondents that match each particular benchmark. The number of organizations column shows the number of individual respondents from each group that provided matches, and the hourly rate is the combined average hourly rate of all employers for that particular benchmark. Finally, the effective date column shows the month and date when the data was collected. NA indicates that there were no matches with other employers on that particular benchmark.

The data from both of these surveys is then combined, with data from in-state employers being weighted at 75% and data from other states weighted at 25%. This weighting recognizes the fact that in general, the State is far more likely to be competing for jobs with in-state employers as opposed to with other states. For those benchmarks where in-state data is not available, either due to a lack of responses or because the job is one performed only at the state-level, the NCASG data is utilized to determine market rate exclusively.

Below is the information for the Administrative Assistant benchmark:

Class/Job Title	State of Kansas			Market Rate	In-State Employers				State Government			
	# Emp.	SOK Avg.	Market Alignment		No. Emp.	No. Org.	Hourly Rate	Eff. Date	No. Emp.	No. Org.	Hourly Rate	Eff. Date
Administrative Assistant	284	\$15.23	-18%	\$18.56	675	84	\$18.78	7/23	2399	8	\$17.90	7/23

In looking at the “No. Org.” column under the “In-State Employers” header, 84 organizations matched to the benchmark, with data from 675 employees whose average hourly rate of pay is \$18.78 an hour. As indicated in the “No. Org.” column under the “State Government” header, all eight of the comparator states from the NCASG matched to that classification, with data from 2,399 employees whose average rate of pay is \$17.90 an hour.

In order to obtain a weighted average, we use the following calculation: (Instate hourly rate \* 0.75) + (State Govt hourly rate \* 0.25) = Market Rate

So, for the Administrative Assistant benchmark, we take the in-state average of \$18.78 times 75% and the NCASG average of \$17.90 times 25% and add those two results together for a Market Rate of \$18.56. Or, in the form of a calculation:  $(\$18.78 * 0.75) + (\$17.90 * 0.25) = \$18.56$

Then, looking under the “State of Kansas” header, we see that the average rate of pay for the 284 employees in this benchmark is \$15.23. In order to determine the Market Alignment of the position, we take the difference between the market rate of \$18.56 and the State’s average of \$15.23 and divide it by the State average of \$15.23, resulting in 17.56 or rounded to the nearest whole number, 18. Since the State’s average is less than the Market Rate, the result is reflected as a negative percentage. Or, in the form of a calculation:  $(\$15.23 / \$18.56) - 1 = 17.56$  rounded to 18

### **How will this information be used to adjust State employee pay?**

As stated above, if a single level of a job classification series was used as a benchmark and is shown to be more than 10% below market average, the remaining levels of the series will be adjusted accordingly, as would job classifications and job titles performing substantially similar work. In general, the same adjustment will be applied to all positions within a particular benchmark, but there may be some variation to this in situations where individual employees within a particular benchmark are already significantly over market or where the starting pay for the benchmark remains

significantly below market, even after adjustments are made. These exceptions will be recommended by OPS and the Division of the Budget, with final approval by the Governor's Office.

It is also important to note that certain types of jobs, particularly Executive-level and management positions, as well as positions in more general job classifications or job titles that do not align with other private and public sector benchmarks or cannot be accurately aligned with benchmarks from other states, were not included in the Market Survey. Examples of these types of jobs can be found on the document titled: *2023 Classes Not Listed on Survey* and include such job classifications as Customer Service Representative, Public Service Executive or Program Consultant, and such unclassified job titles as Director and Manager/Administrator.