

Our Survey Results: Wages, Labor Contracts, and HR Practices & Challenges in the Public Sector in 2023 & 2024

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About Us

- Founded in 1984 as Koff & Associates
- Merged with Arthur J. Gallagher in April 2021
- Provide premier public sector human resources services:
 - Classification and Job Analysis
 - Compensation and Plan Development
 - Recruitment Services
- Partner with:
 - Cities, Counties, Special Districts, and Others
- Straightforward, interactive, all-inclusive methodology

Outline of Survey Results

- ✓ Survey Methodology & Agency Types
- ✓ 2023 Salary Increases
- ✓ 2024 Salary Increases
- ✓ 2023 MOU's
- ✓ Executive Compensation
- ✓ Retirement: Classic vs. PEPRA
- ✓ Classification & Compensation Studies
- ✓ Starting Pay Rates for New Hires
- ✓ HR and Labor Relations Anticipated Challenges for 2024

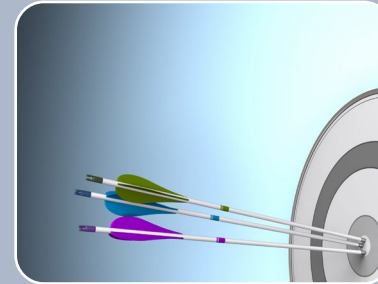
Survey Methodology



Survey
emailed to
clients and
posted on
LinkedIn.

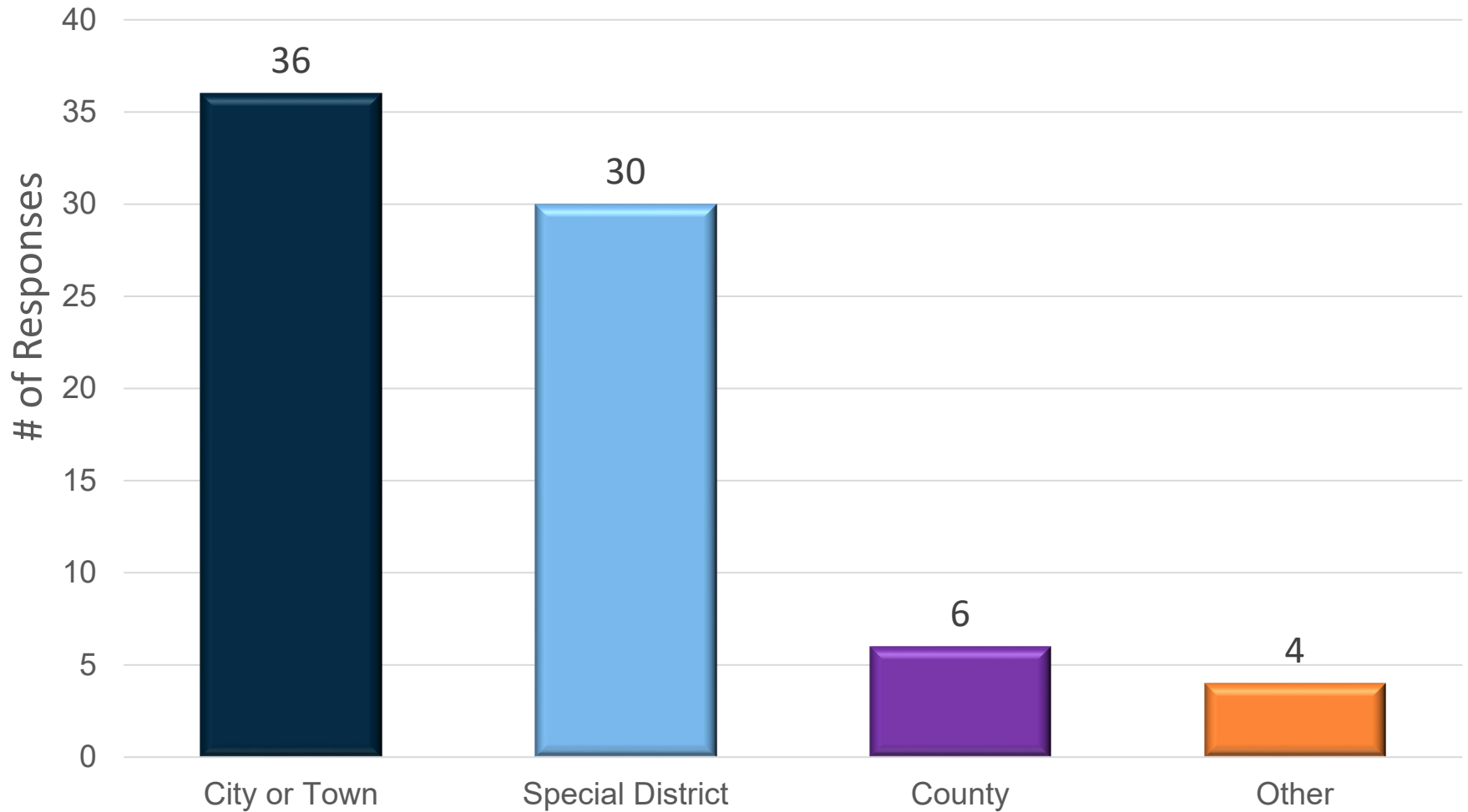


Agencies
given 30
days to
complete a
34-question
survey.



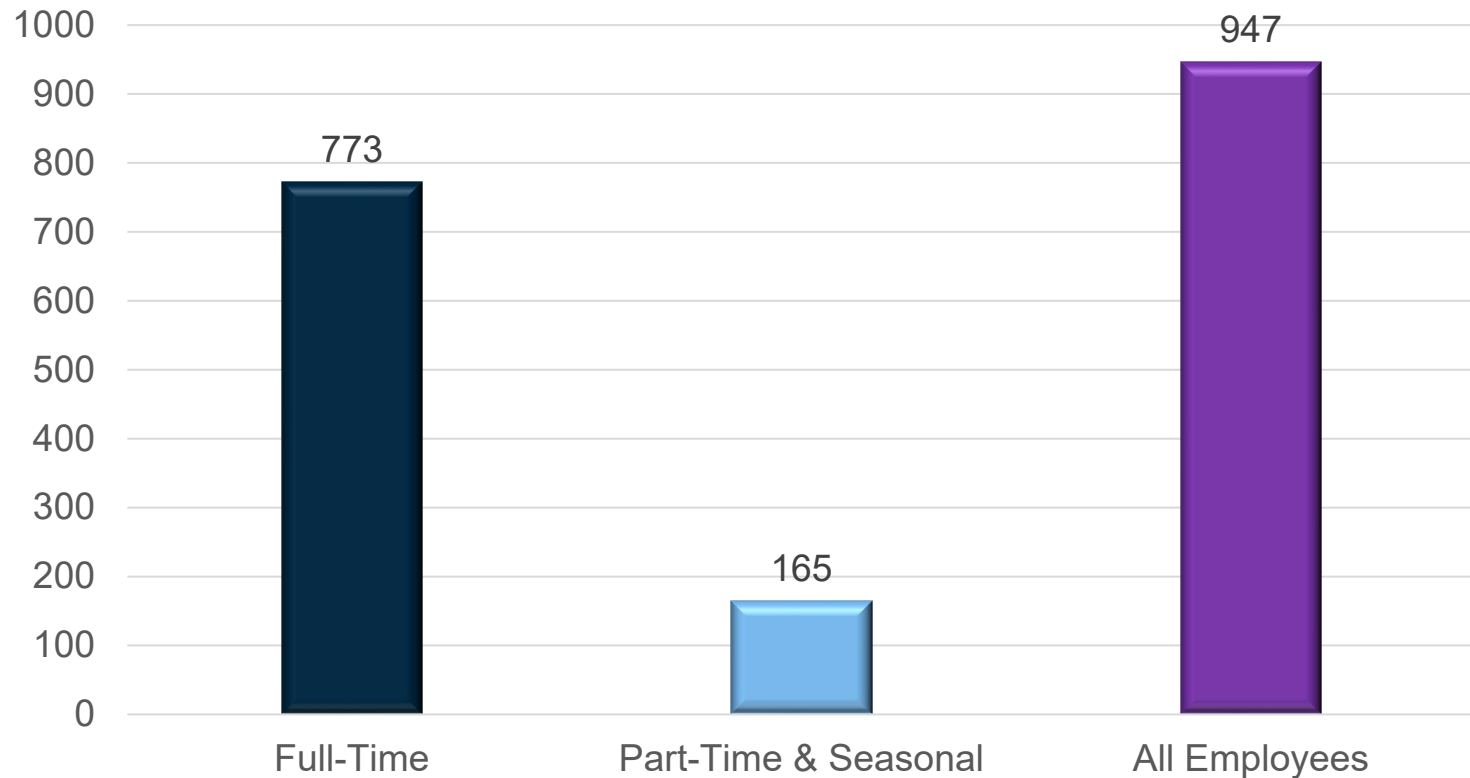
Total of 114
results
received by
9/30/2023.

Types of Agencies Responding to Survey



Approximately how many Full-time, Part-time including Seasonal, and Total Employees does your agency have on payroll today?

(Average # of Employees Per Agency Shown)



Total Employee Population for all agencies ranged from 3 to 12,000

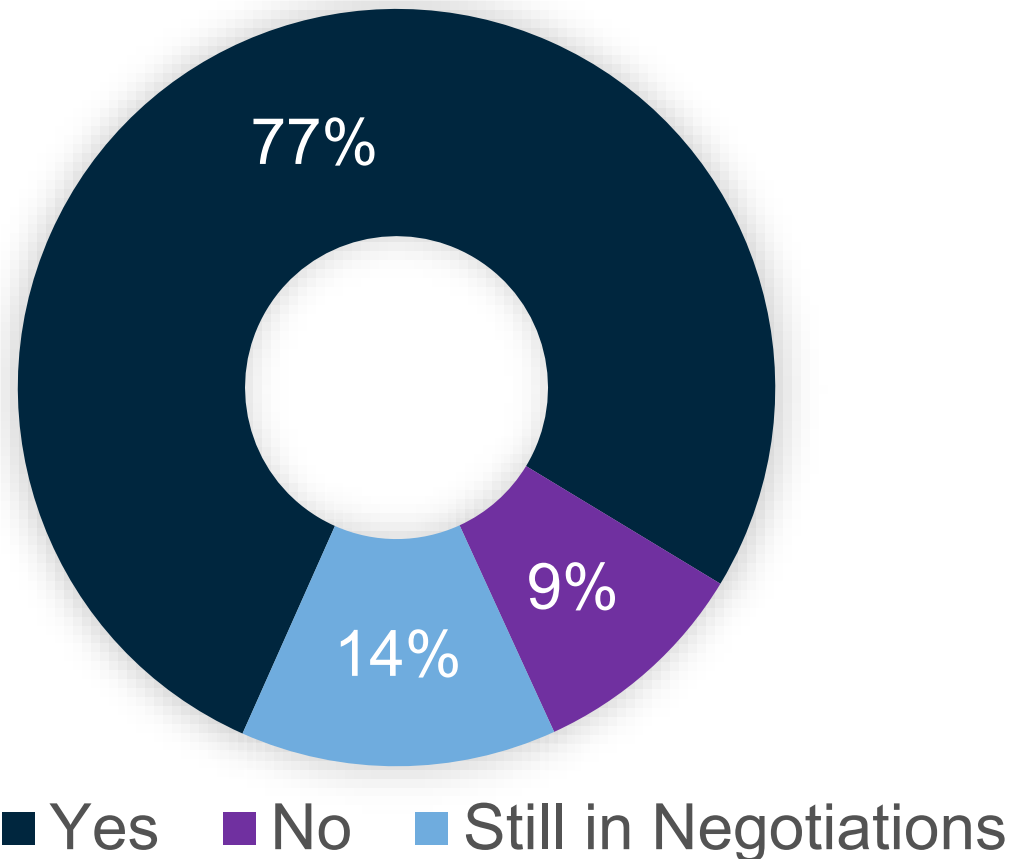
2023 Salary Increases



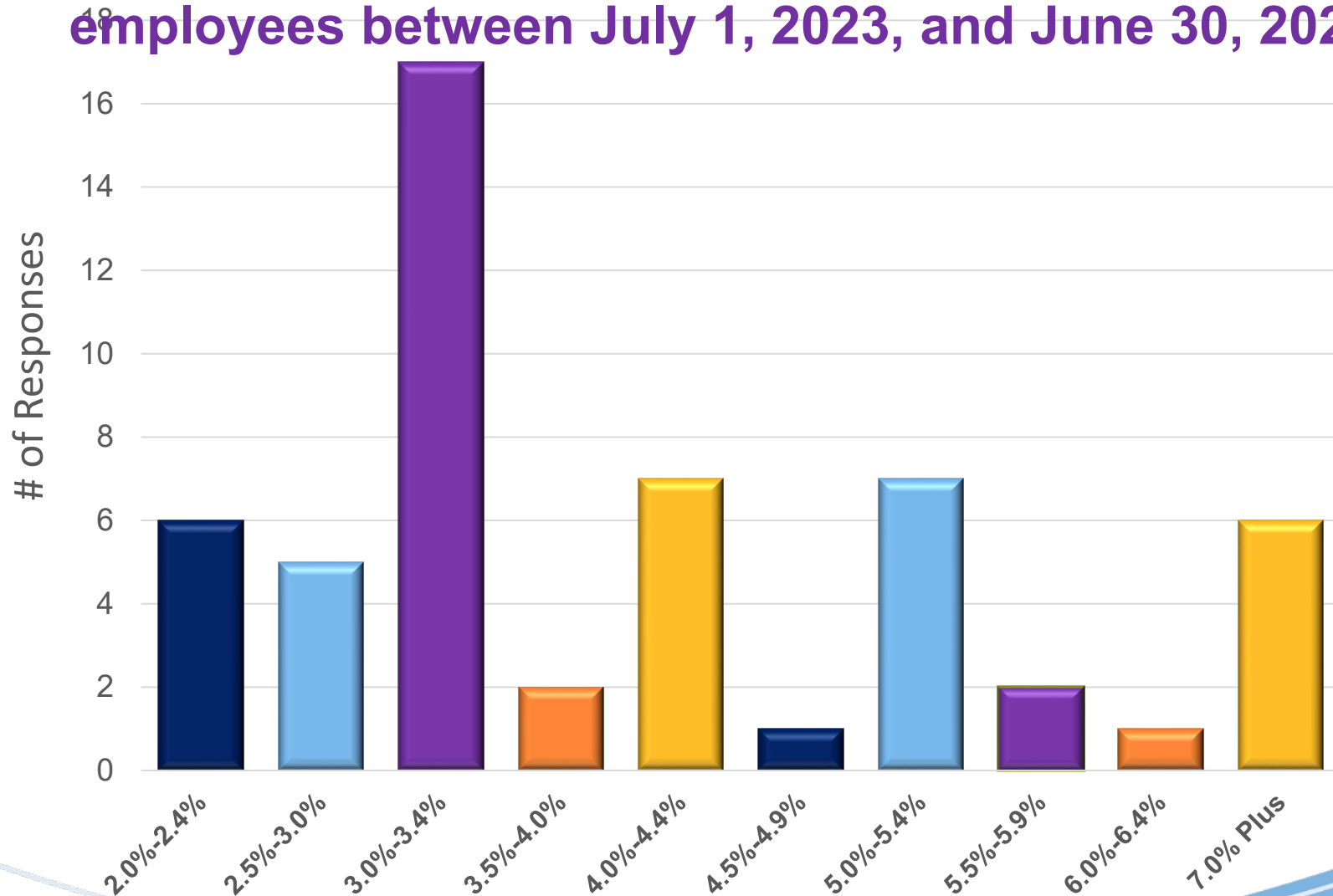
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Has your agency agreed to provide a Cost-of-Living Adjustment (COLA) to any of your bargaining groups and/or your unrepresented employees between July 1, 2023, and June 30, 2024?



How much of a COLA has your agency granted to your employees between July 1, 2023, and June 30, 2024?



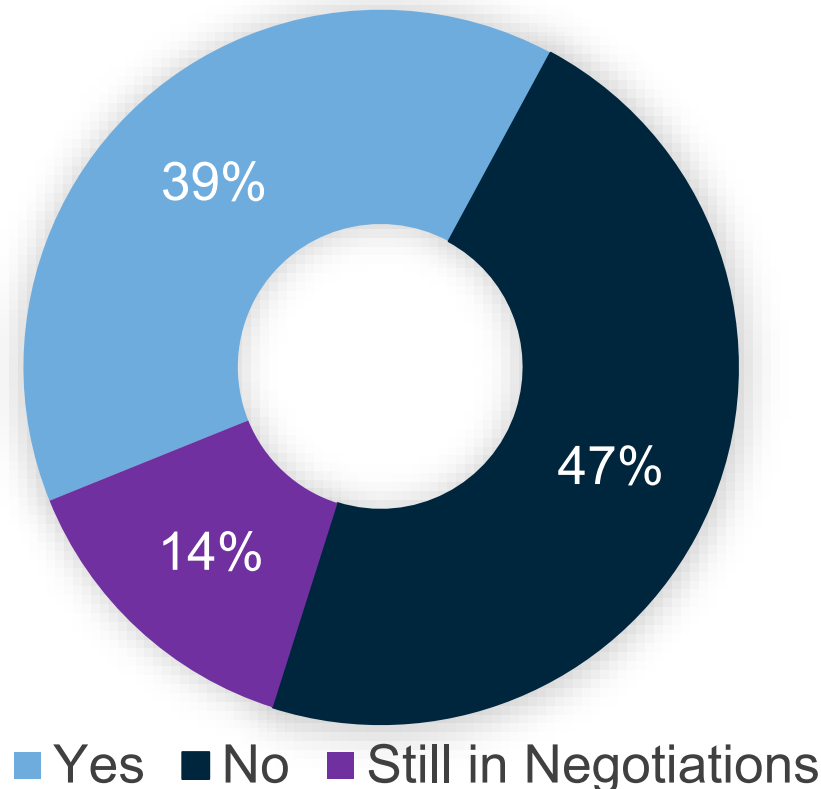
Weighted
Average COLA
granted in
2023

3.95%



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Has your agency agreed to provide any compensation adjustments based on some type of salary survey (i.e., equity adjustments) to any of your bargaining groups and/or unrepresented employees, regardless of a COLA, in 2023?



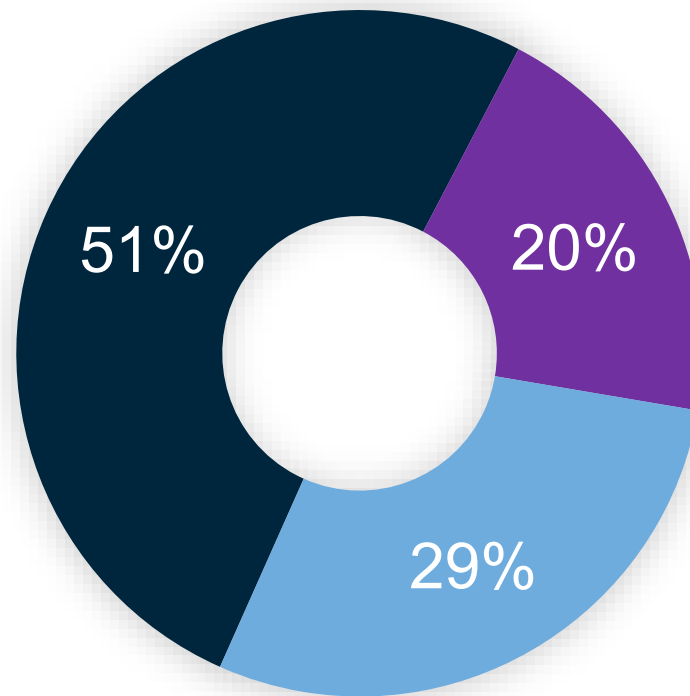
What was the average amount of equity adjustment, regardless of a COLA, granted to your classifications that received a market adjustment in 2023?

4.9%



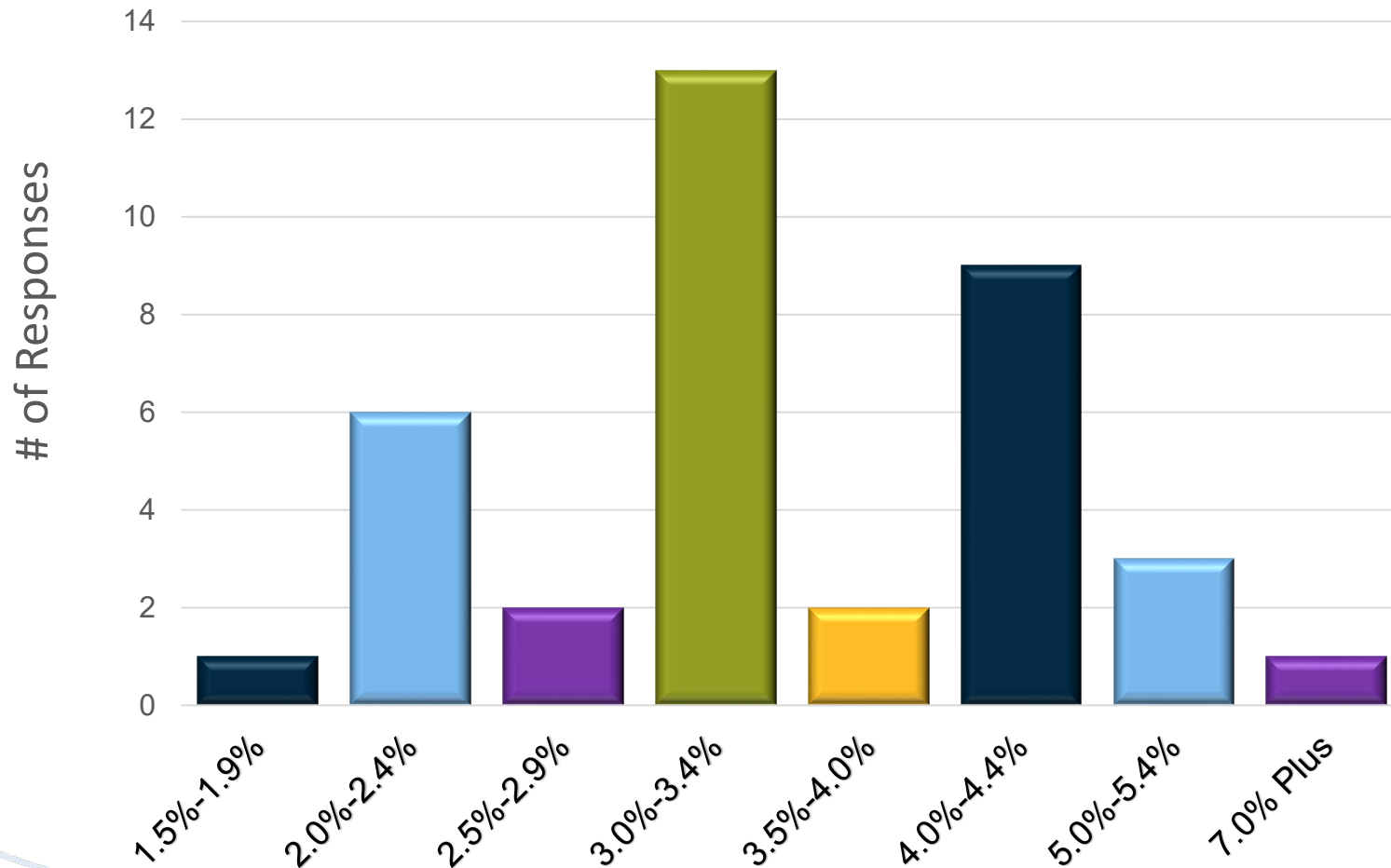
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Has your agency agreed to provide a Cost-of-Living Adjustment (COLA) to any of your employee groups for next year (i.e., effective between July 1, 2024, and June 30, 2025)?



■ Yes ■ No ■ Still in Negotiations

How much of a COLA has your agency granted to your employees between July 1, 2024, and June 30, 2025?



**Weighted
Average
COLA**
to be granted
to employees
in 2024

3.36%



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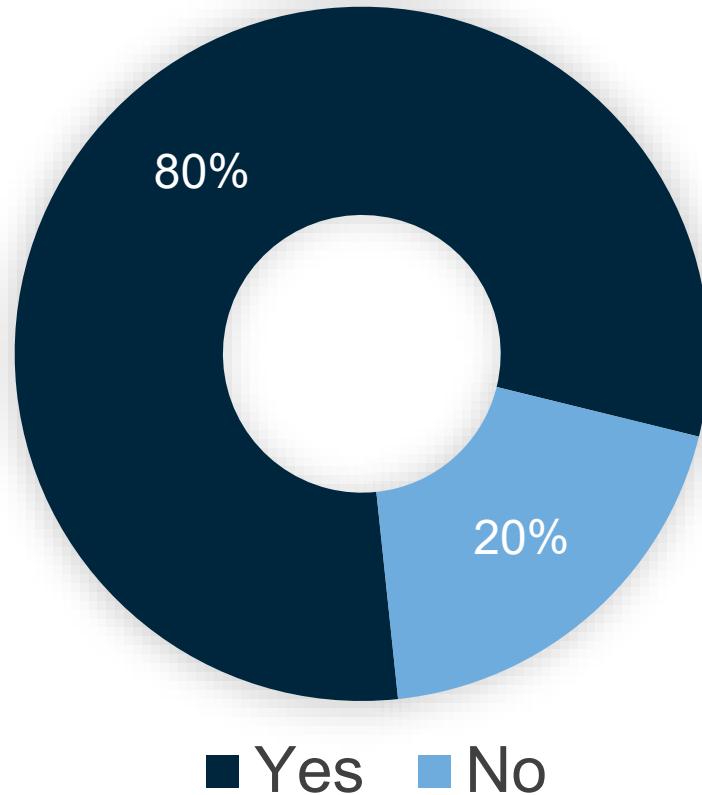
2023 MOU's



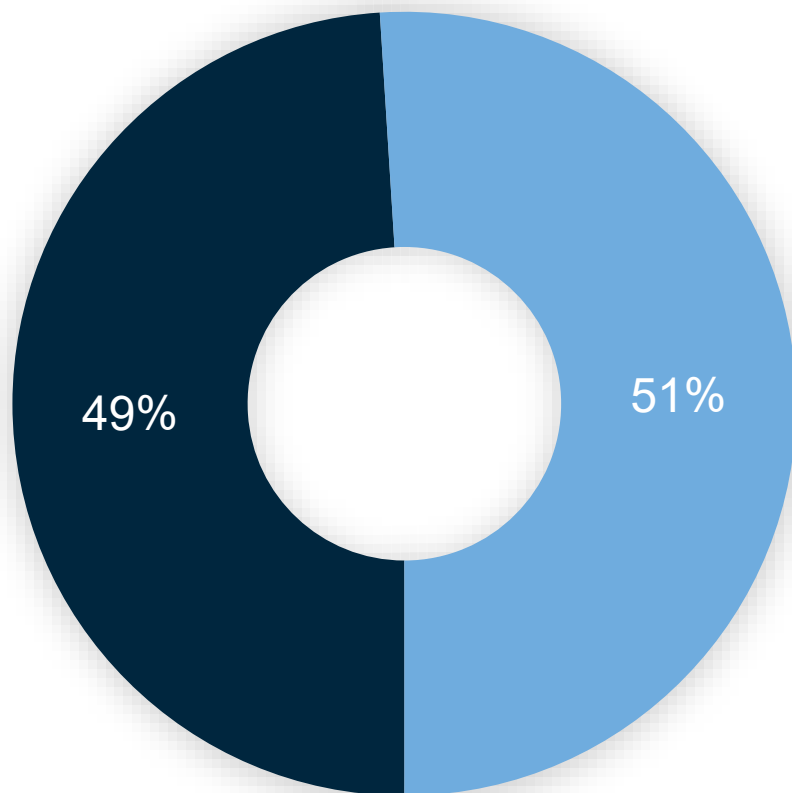
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Does your agency have any recognized employee bargaining groups?

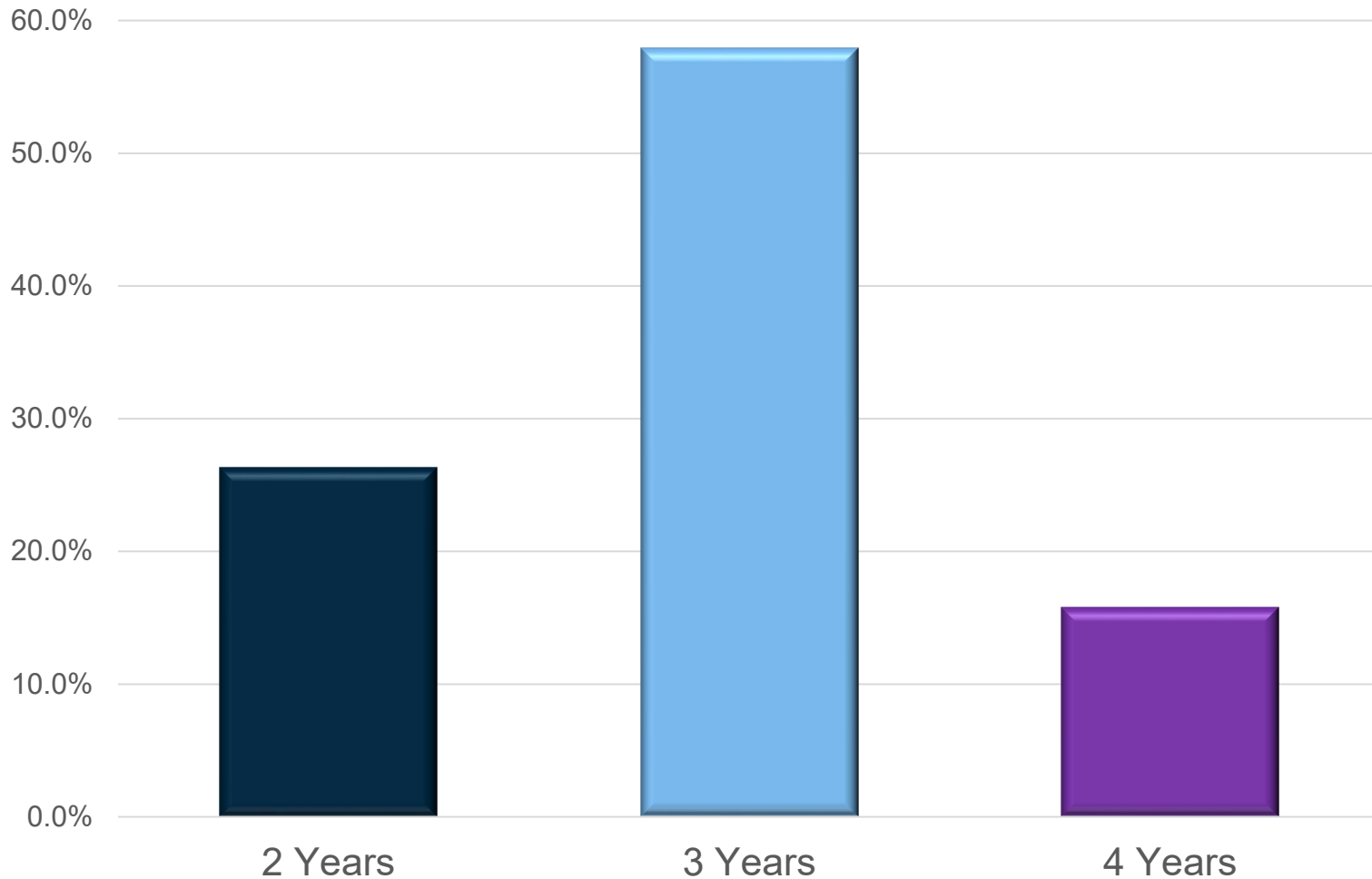


Has your agency adopted any new labor agreement(s) in 2023?



■ Yes ■ No

What is the length of any new labor agreement(s) your agency negotiated during 2023?



**Weighted
Average
Length of
Labor
Agreements
Negotiated in
2023**

2.9 years



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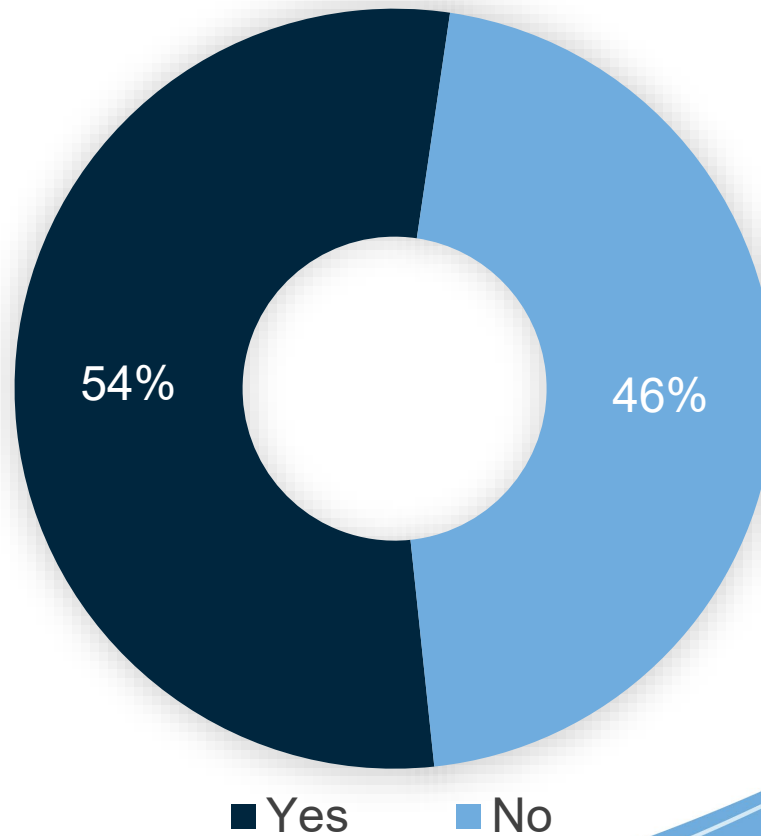
Executive Compensation



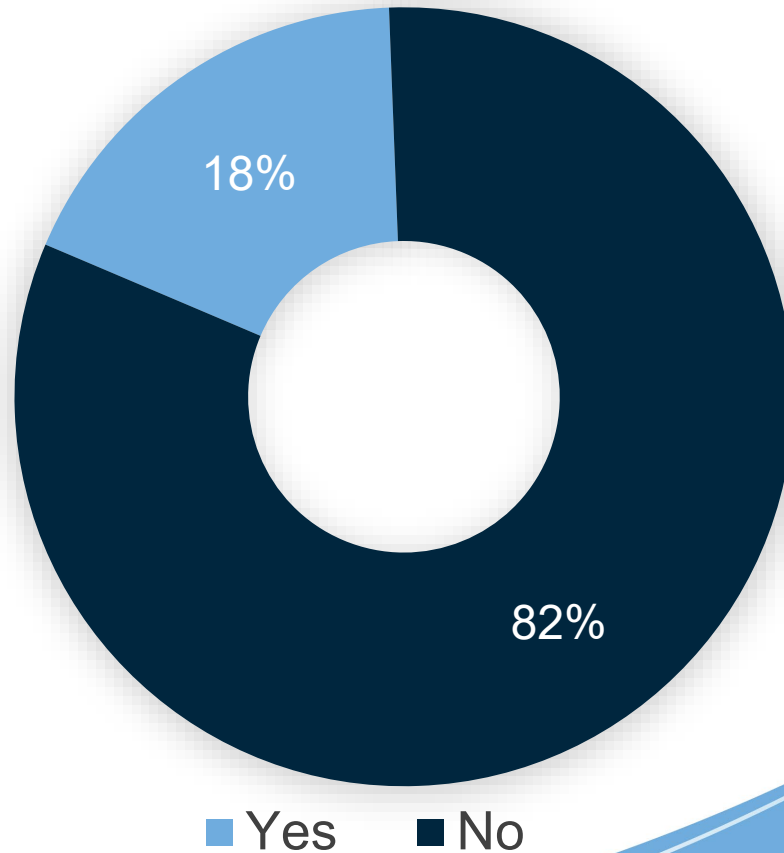
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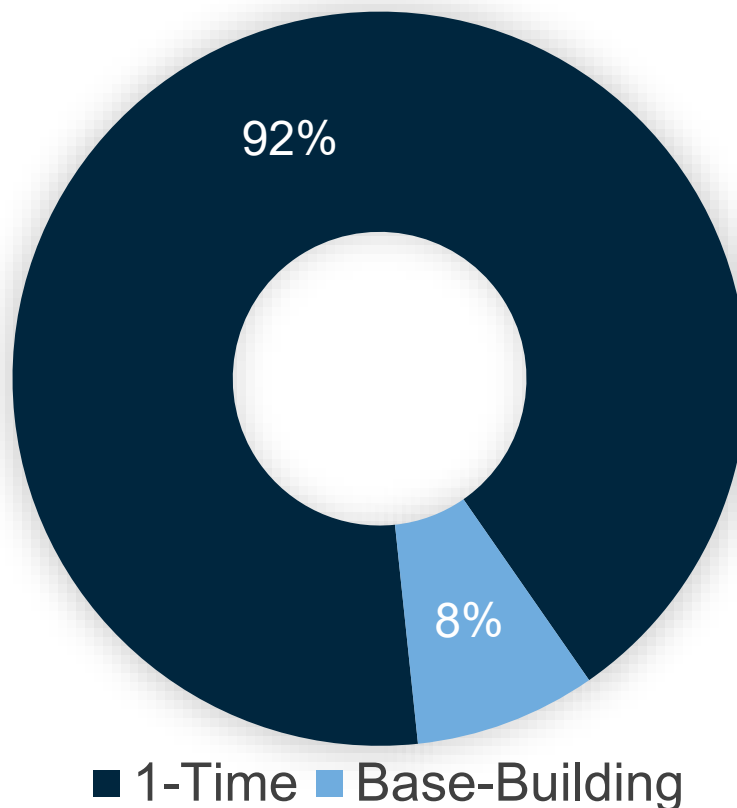
Does your agency have a separate salary structure for executives?



Does your agency provide bonuses for executives?



Are these bonuses provided on a one-time basis or are they base-building?





Retirement: Classic vs. PEPRA



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Approximately what percentage of your NEW SWORN employees are covered under the California PEPRA (versus Classic) pension tier?

66.2%



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Approximately what percentage of your NEW NON-SWORN employees are covered under the California PEPRA (versus Classic) pension tier?

70.5%



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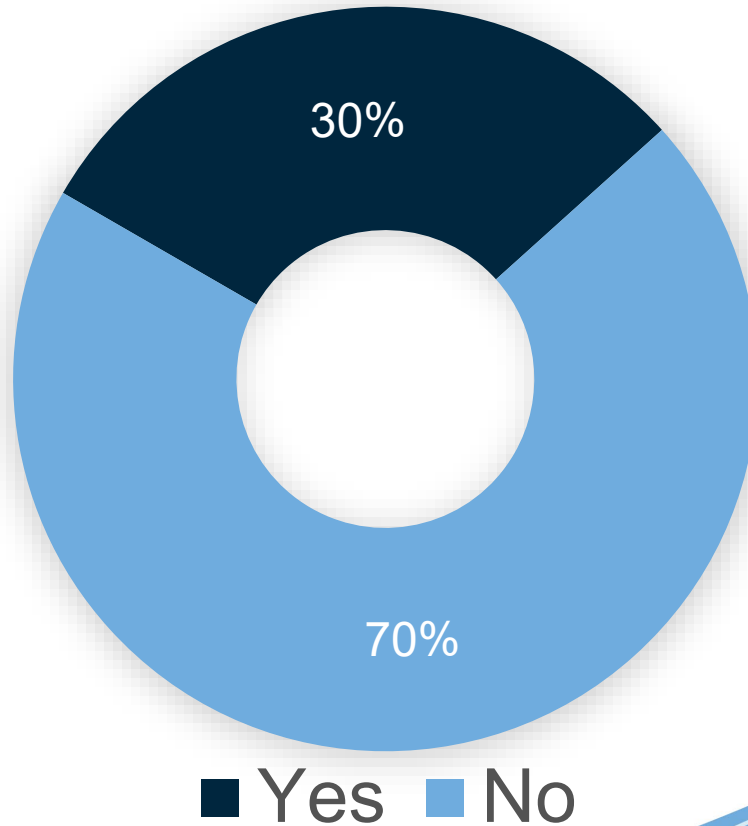
Classification & Compensation Studies Since 2020



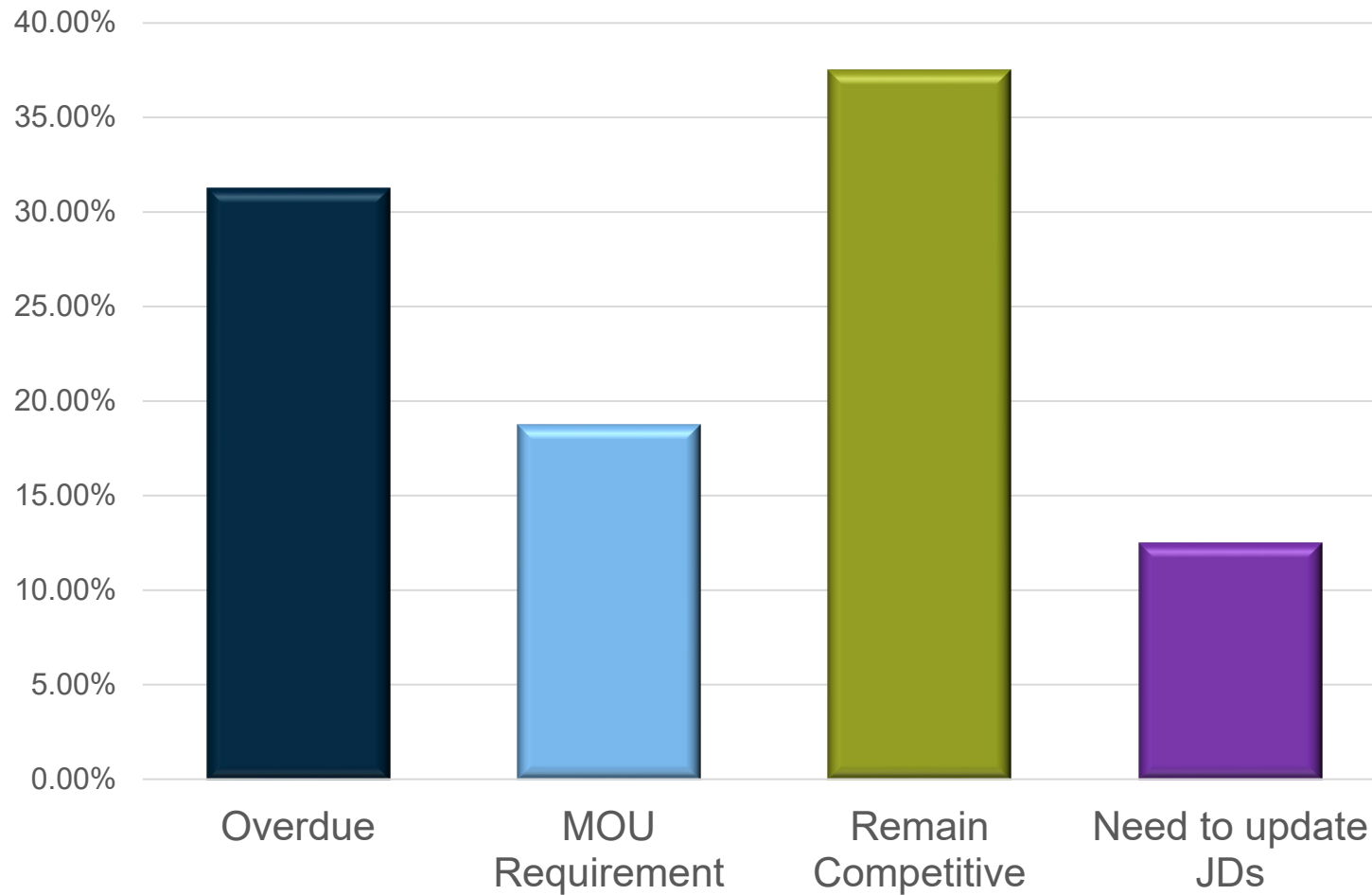
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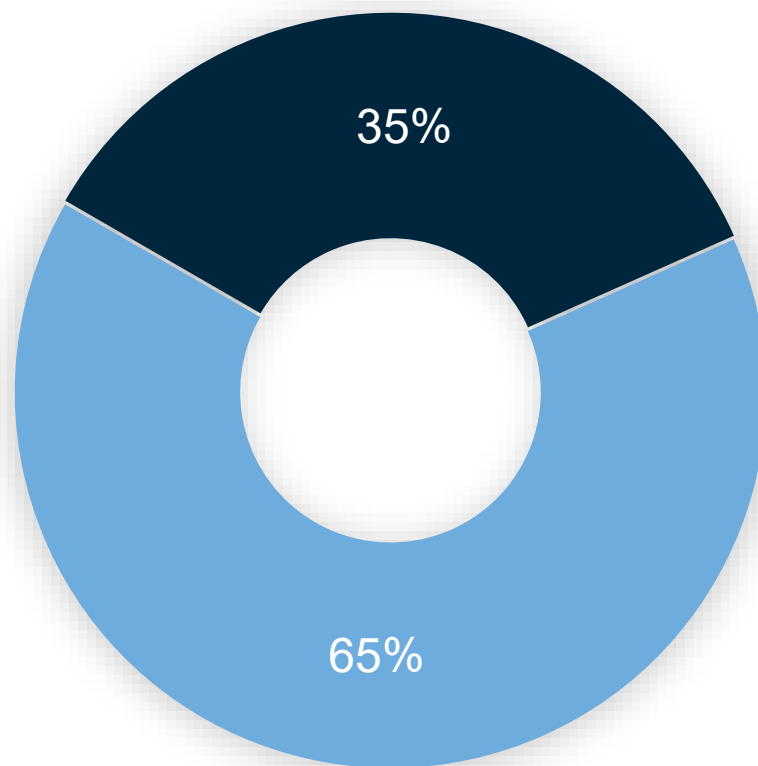
Has your agency conducted a full, agency-wide **CLASSIFICATION STUDY** since 2020?



Why did your Agency conduct a Classification Study since 2020?

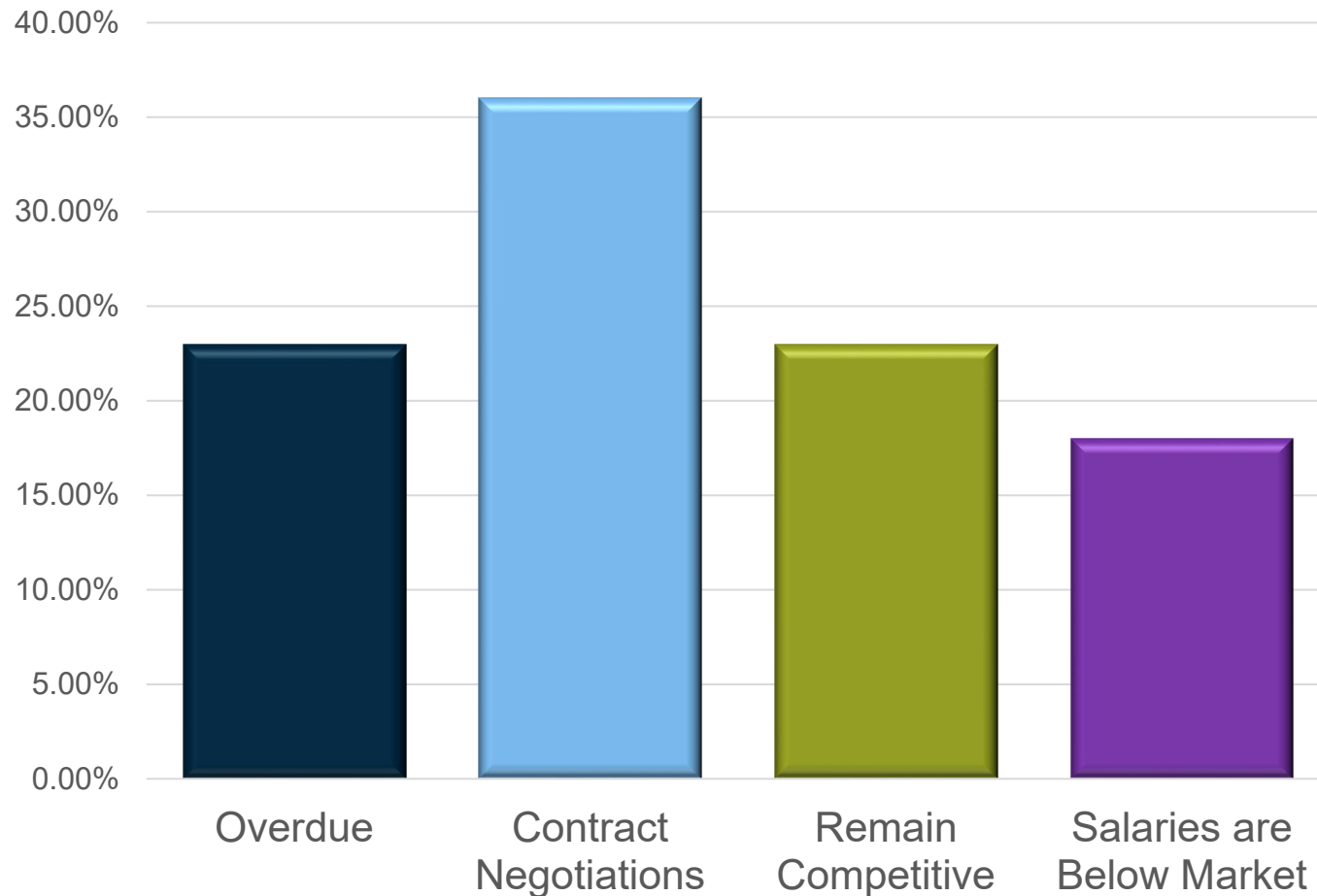


Has your agency conducted a full, agency-wide COMPENSATION STUDY since 2020?



■ Yes ■ No

Why did your Agency conduct a Compensation Study since 2020?



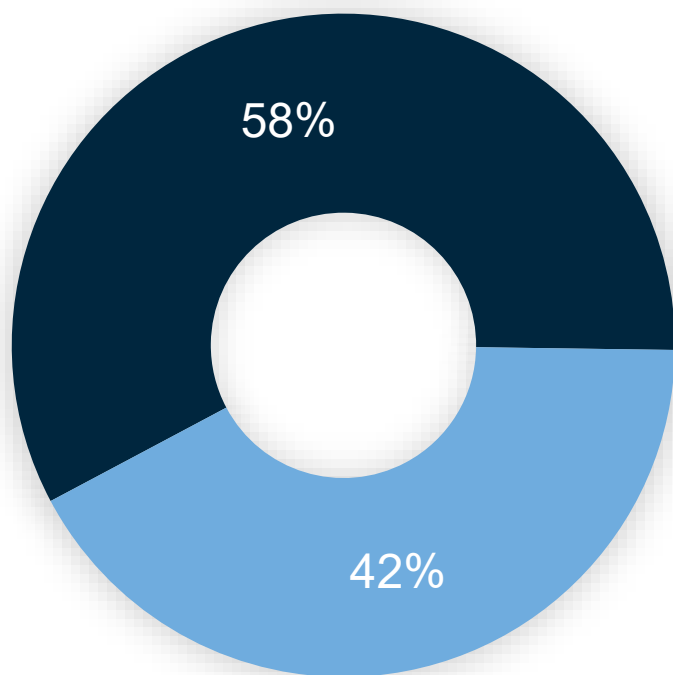


Starting Pay Rates for New Hires



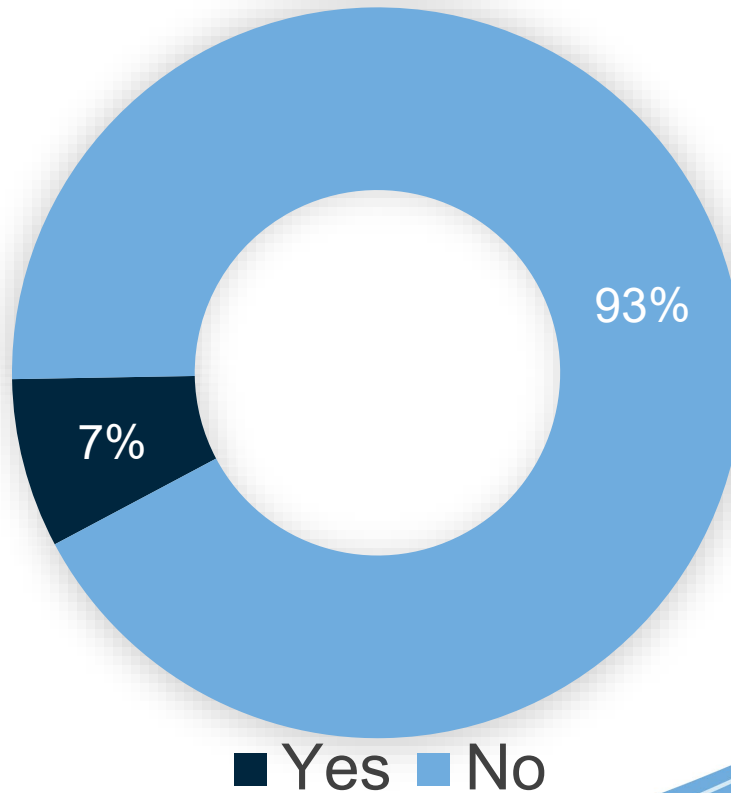
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Has your agency lost potential candidates for employment based on your agency's policy for negotiating a starting pay rate that the candidate is not willing to accept?

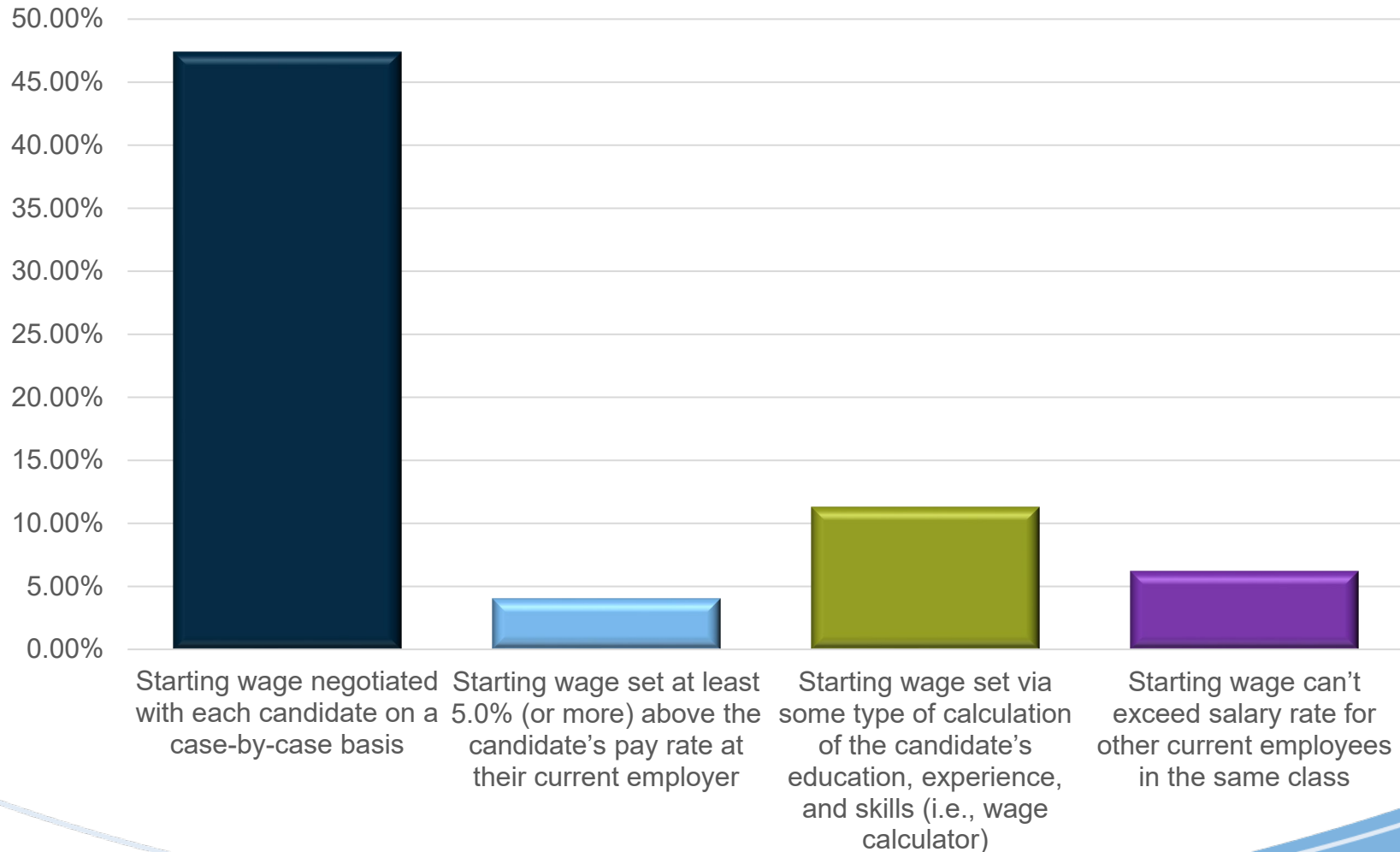


■ Yes ■ No

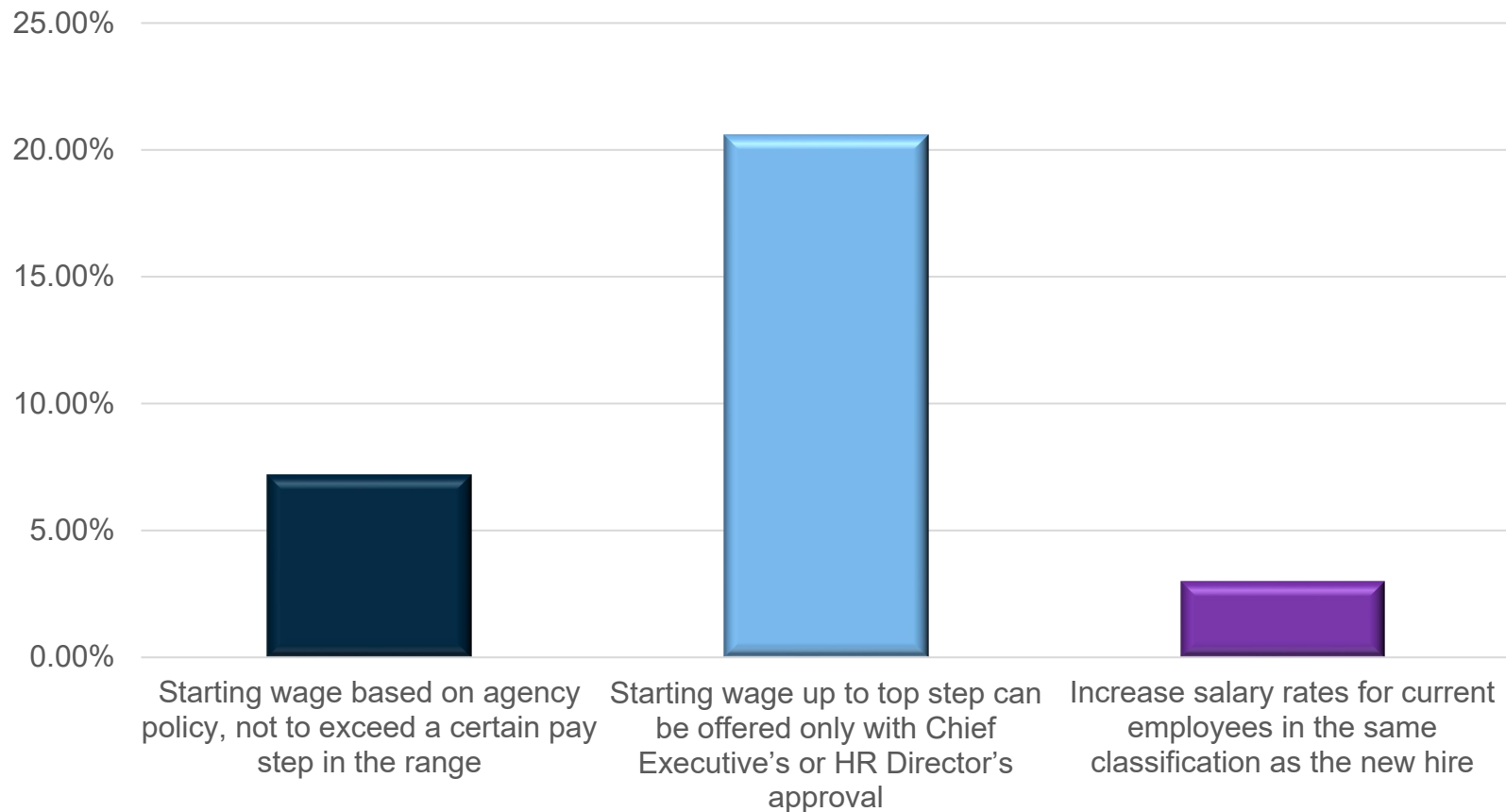
Does your agency require new hires (from other agencies) to be paid at the bottom step of your published salary range, no matter what?



How does your agency determine the starting salary rate for new hires? (check all that apply) 1 of 2



How does your agency determine the starting salary rate for new hires? (check all that apply) 2 of 2





HR and Labor Relations Anticipated Challenges for 2024



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What, if any, are your concerns for 2024 as an HR practitioner or Labor Relations professional?

- Recruitment and Retention Challenges
- Increasing Cost of Health Insurance Benefits
- Budgetary Challenges
- Other Challenges



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Concerns for 2024

- **Recruitment and Retention Challenges:**
 - Recruiting to fill a higher % of vacant positions in highly competitive market
 - Shrinking applicant pools
 - Pay equity between current and potential employees
 - Retirements in public safety and other occupations
 - New employees are demanding higher starting wages which impacts morale of long-term employees who may have taken longer to advance through the salary range
 - Turnover of quality staff
 - Building and Engineering professionals continue to be hard to find
 - Finding quality public safety (police) professionals is an industry wide challenge.
 - Wages are a concern in hiring and retaining employees
 - We have a Tier 2 classic formula (Tier 1 is 2.5% @55 vs Tier 2 is 2% @60) & it is hard to recruit and retain experienced public sector employees with Tier 2

Concerns for 2024

- **Increasing Cost of Health Insurance Benefits**
 - Increases in CalPERS Health Plan premiums
 - Increases to Other Medical Provider premiums
 - Keeping benefits competitive with local agencies
 - Medical premiums increasing which is negatively impacting COLAs (i.e., COLAs are getting gobbled up by increased contributions provided to employees for medical)

Concerns for 2024

- **Budgetary Challenges**
 - Budgets are tightening, so recruiting challenges are going to get even worse
 - Cost of classification and compensation surveys
 - Inflation will restrict ability to provide adequate COLAs
 - Looming layoffs
 - Tightening of budgeting practices, especially personnel costs
 - Maintaining sustainable personnel costs
 - Compensation rates are not high enough due to financial constraints

Concerns for 2024

- **Other Challenges**
 - Providing work-life balance for staff
 - Employee & Applicant demand for alternative scheduling and remote work.
 - Trouble competing with the private sector in technical positions
 - Teleworking seems to still be an incentive and have been told other agencies offer a better program (we allow 40% teleworking)
 - Managing hybrid work and productivity
 - Employee desire for additional work from home days despite challenges for business needs

Thank you...

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