



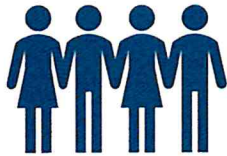
Compensation + Equity Study

House Appropriations – HR Section

Rep Jon Nelson, Chairman March 8, 2023

Sara Stolt, Deputy Commissioner HHS

Overview



Zones

- County Employees
- County Benefits
- Follow State Merit System
- Equity Challenges
- Market Challenges
- Receive Legislative Increases
- Recruiting and Retention Challenges



Benefits

- Host County determined benefit packages
- Entire County has the same benefit package
- Disparity between each zone and zones in comparison to the state



Health and Human Services

- Newly integrated
- State Benefits
- Equity Challenges
- Market Challenges
- Recruiting and Retention Challenges

Legislative Study: SB2086 ('21 Biennium)

RFP Committee

Issued RFP

Awarded: Gallagher

Bi-Weekly Committee Meetings

Draft Recommendations

Compensation Efforts

Equity + Disparity

Executive Budget Recommended Increase

6/4%

Legislative Recommended Increase

4/4%

Performance Increase

Executive Budget Equity Package

- \$10.3M (biennium)
- Does NOT include Human Service Zones
- Focuses on:
 - Verifiable, significant market gaps for job categories
- Staffing issues with impact on services and operations
- Relatively low paid employees & agencies

SB2086 Comp and Equity Study

- Phase 1: Market
- Phase 2: Equity
- Phase 3: Benefits

Focus: Within Zones, Zones to HHS, Overall Zones/State to Market

Comp + Equity By the Numbers

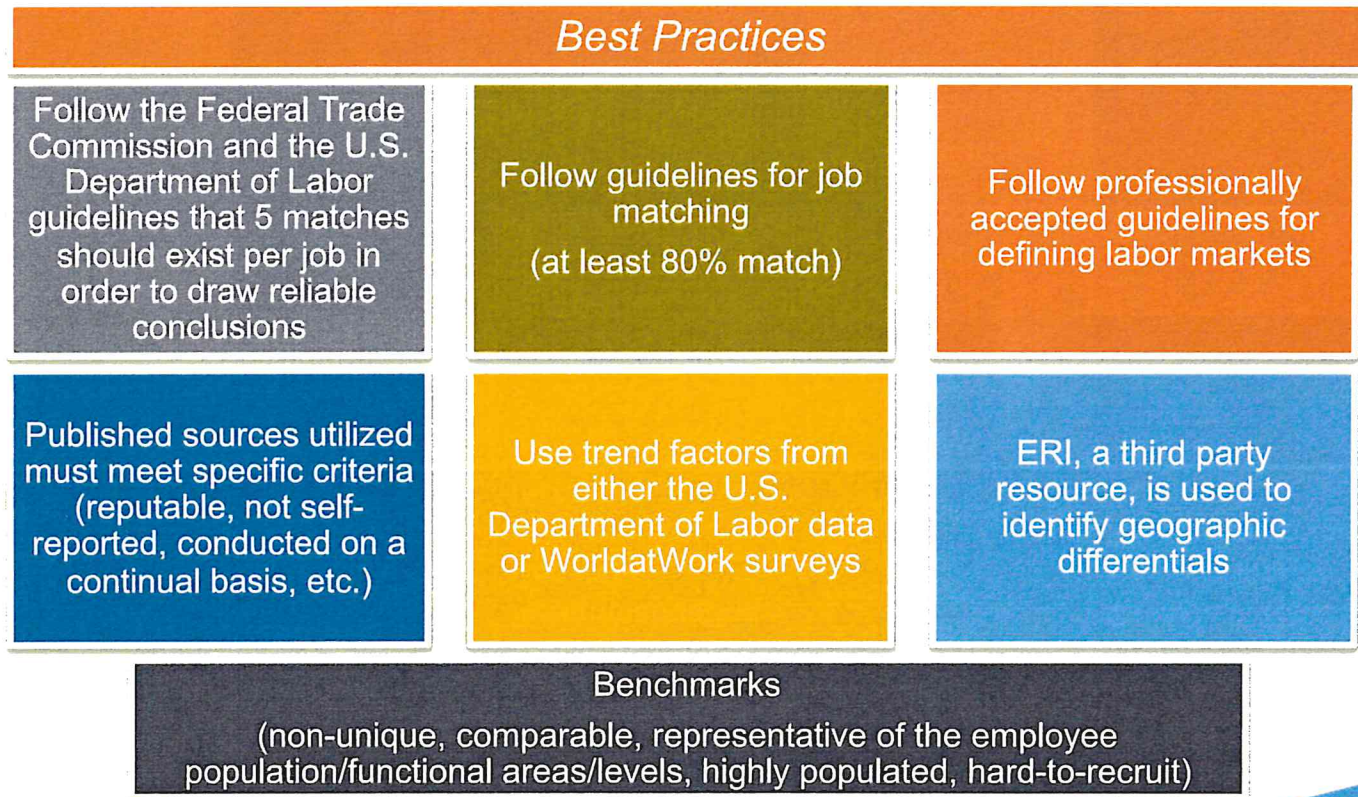
Budgeted Item	FY 22 Annual	Executive Budget Equity Package	Executive Budget Recommendation – General Performance Increase	Gallagher HHS/Zone - Market Recommendation	Gallagher- Zone Salary Disparity Recommendation	Gallagher - Zone Benefits Disparity Recommendation
HHS Payroll + Payroll Associated Benefits***	\$169 M	\$10.3 M Biennium	\$30.3 M** Biennium	\$21 M Biennium		
Zone Payroll	\$44.3 M		\$8.3 M** Biennium	\$5.5 M Biennium	\$3.5 M Biennium	
Zone Benefits (HC Premiums + Payroll Associated Benefits)	\$21 M			\$2.2 M Biennium		\$8.8 M Biennium

**Based on 6% and 4%

*** Does not include HC premium increases

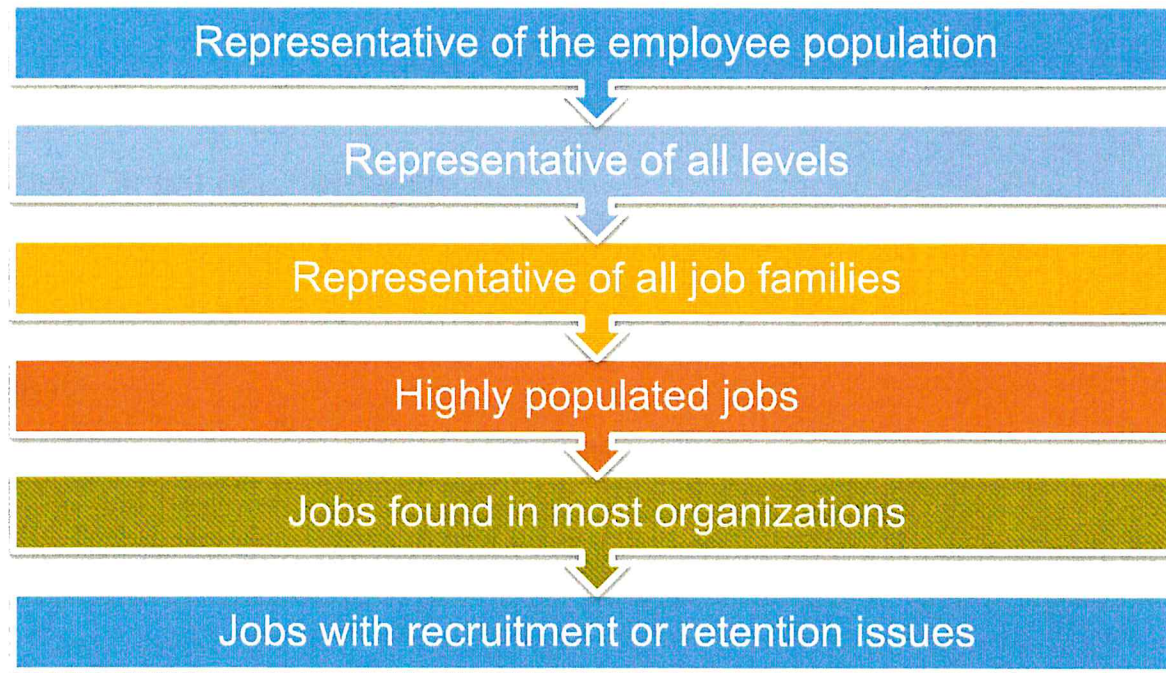
Both internal and external analysis supports a 6% and 4% increase. Gallagher’s market recommendation is NOT in addition to the EBR of 6% and 4%.

Methodology: Approach



Methodology: Benchmark Selection

Benchmark Job Selection Guidelines



Methodology: Market Data

North Dakota Department of Health and Human Services (ND DHHS) contracted with Gallagher Benefit Services, Inc. (GBS) to conduct a study to evaluate the market position of:

- **109 represented jobs within ND DHHS and Human Service Zones**

This analysis includes:

- Collecting data from obtained from published surveys (Willis Towers Watson, Mercer, CompData, Economic Research Institute)
- Using the data collected from the study to determine the market value of the evaluated positions to be competitively aligned at the 50th percentile



Methodology: Market Data

Summary Comparison			
Client	Market 25th % Diff	Market 50th % Diff	Market 75th % Diff
Benchmark Summary - Published	10%	-5%	-13%

- ND DHHS and Human Service Zones pays above market for low-skill, easy to recruit, roles
- ND DHHS and Human Service Zones pays significantly below market for highly skilled, highly-compensated individuals
- Current workforce demands at or above market in hard to fill roles and we are lagging, significantly.

Methodology: Trend Data

Employment Cost Index (ECI) indicates a **5.1%** increase in the fourth quarter that ended December 31, 2022 that has been consistent across the second and third quarters of 2022.

- December 31, 2022 nationally for public employees for the past twelve months indicated a **5.3%** increase.
- The North Central Region showed a **6.2%** increase over the third quarter and trended down to **4.5%** over the fourth quarter.

Environmental scan data notes that South Dakota provided a **6%** across the board increase this fiscal year.

World at Work trend data:

- Nationally, salary and wages have increased 4.1%
- For the central region, salary and wages have increased 4.0%
- For North Dakota, salary and wages have increased 4.1%

Phase 1: Recommendation General Market Comparison



- The market data collected and evaluated indicates ND DHHS lags the market by 5% at the 50th percentile.
- The Employment Cost Index indicates an increase of 4.5% in the North Central Region to 5.3% nationally.
- World at Work trend data indicates salaries and wages have increased 4.1% nationally.

Gallagher recommends realigning compensation to ensure a competitive market position, recognizing the market and the effects of the current talent landscape on the state to successfully recruit and retain its workforce across geographies.

The addition of ensuring appropriate benefit alignment as part of the overall total rewards package represents an additional amount of 20% of payroll.

Phase 2: Equity Cost Comparison - Annual



Insurance | Risk Management | Consulting

Row Labels	Sum of Cost to Rate based on YOS (No Cap)	Sum of Cost to Rate based on YOS (Cap @ Mid)	Sum of Cost to Rate based on YOS (Cap @ I
State	\$ 3,011,478.09	\$ 2,713,675.05	\$ 3,011,478.09
Zone	\$ 1,005,148.95	\$ 852,297.06	\$ 1,003,131.22
Sub Total	\$ 4,016,627.04	\$ 3,565,972.12	\$ 4,014,609.31
Compensation Related Benefits	\$ 803,325.41	\$ 713,194.42	\$ 802,921.86
Total	\$ 4,819,952.45	\$ 4,279,166.54	\$ 4,817,531.18

Zone Biennium Projection = \$2,412,357.48



Insurance | Risk Management | Consulting

State to Zone Comparison

Row Labels	State Avg Pay	Zone Avg Pay	Overall Avg Pay	State EE Count	Zone EE Count	Overall EE Count	Both	Variance
Admin Svcs I	\$ 17.63	\$ 15.46	\$ 15.82	1	5	6	2	12.29%
Admin Svcs II	\$ 17.82	\$ 17.99	\$ 17.86	77	24	101	2	-0.93%
Admin Svcs III	\$ 18.67	\$ 19.88	\$ 19.03	112	48	160	2	-6.52%
Admin Svcs IV	\$ 23.15	\$ 22.42	\$ 22.65	129	286	415	2	3.13%
Admin Svcs V	\$ 28.16	\$ 28.30	\$ 28.25	17	29	46	2	-0.48%
Human Svcs I	\$ 19.93	\$ 18.01	\$ 19.22	77	45	122	2	9.64%
Human Svcs II	\$ 19.90	\$ 19.99	\$ 19.91	164	25	189	2	-0.48%
Human Svcs III	\$ 23.72	\$ 22.57	\$ 23.66	68	4	72	2	4.85%
Human Svcs IV	\$ 27.74	\$ 29.23	\$ 27.81	436	21	457	2	-5.39%
Human Svcs V	\$ 30.91	\$ 30.85	\$ 30.88	268	231	499	2	0.20%
Human Svcs VI	\$ 38.05	\$ 39.57	\$ 38.35	151	37	188	2	-4.01%
Manager III	\$ 51.06	\$ 50.31	\$ 50.79	34	19	53	2	1.49%
Program Management II	\$ 28.88	\$ 31.59	\$ 29.05	15	1	16	2	-9.38%

Green = State Higher
Red = Zone Higher

Phase 3: Health Insurance Premium Equity

1. Reviewed health insurance premium by host county
2. Identified % of employee responsibility for a family health insurance plan
3. Formula: Total # of Employees x Employee Responsibility/Month Family Health Insurance

Total = \$8.8M / Biennium to create Health Insurance Premium Equity

This does not address retirement plan equity.

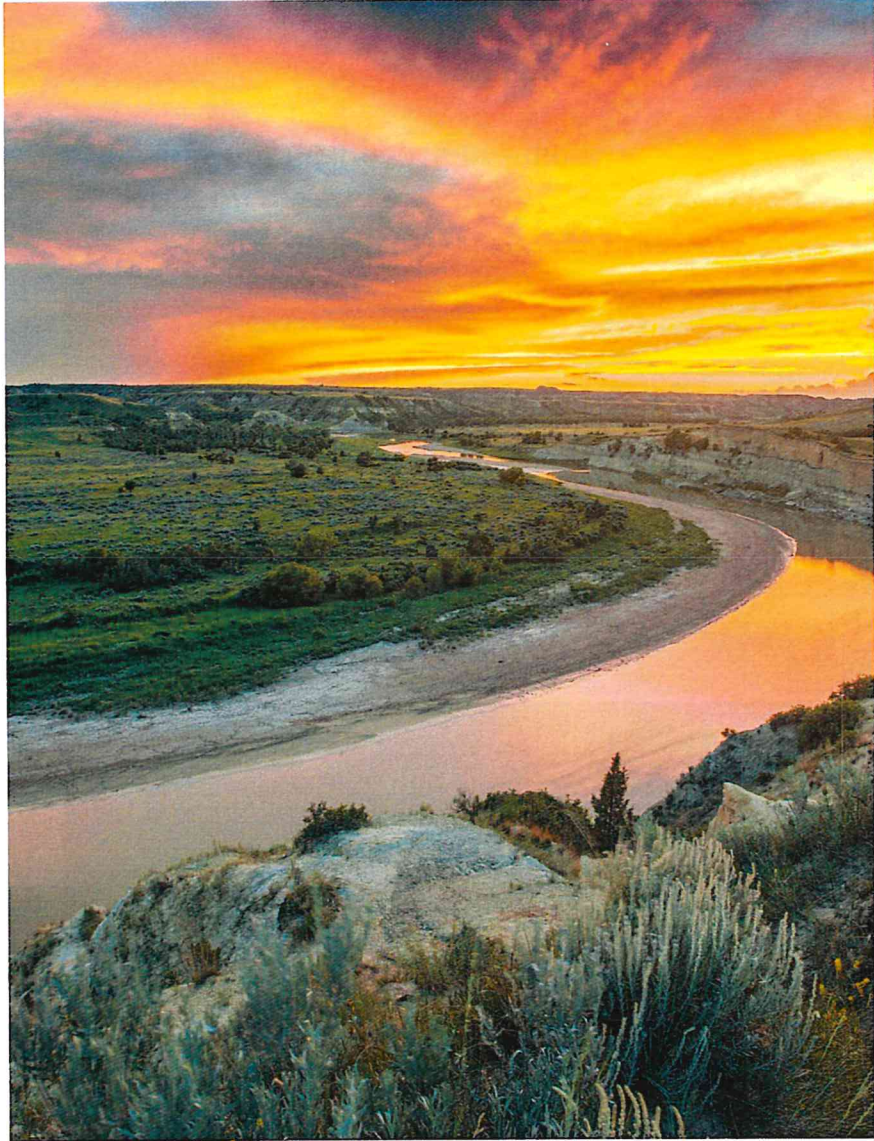
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Contact information

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