



WYOMING LEGISLATIVE SERVICE OFFICE

Research Memo

11 RM 023

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Author: Lisa Jeremiah, Research Analyst

Re: State Employee Classification and Compensation

QUESTIONS

1. What is the Hay Study?
2. How many employees received pay increases or decreases due to the Hay Study?
3. What is the current employee compensation policy related to pay?

ANSWERS

1. **In 2008, the Department of Administration and Information (A&I) contracted with the Hay Group, a human resources consulting firm that works with private and public sector organizations around the world, to conduct a classification and compensation plan for state executive branch employees.**

The first phase of the project was a review of the classification structure. The goal of this phase of the project was to develop a classification structure with specifications for each classification that clearly define job content. This phase of the project included an evaluation of various aspects of all jobs, including the knowledge, problem solving, and accountability required in the job. A&I then used this information to develop a new classification system, which was implemented in August 2009.

The next phase of the project focused on compensation with a review of market pay. The goal of this phase was to create a pay structure with both internal equity among state employees and external competitiveness. To establish market pay, A&I compiled data on compensation from 113 employers using the following sources of information:

- Central States Compensation Association, which conducts annual compensation surveys of state governments;
- Hay Group PayNet data, which includes proprietary salary data on private sector employers;
- In-state survey of public and private organizations;
- Wyoming Hospital Association survey; and
- Wyoming prevailing wage survey for contractors.

Based on this data, A&I developed a market pay structure that was implemented in the spring of 2010. Each classification was assigned a grade for which there is a pay range. Each grade has three pay amounts: a market pay policy, a minimum that is 15 percent below the market pay policy, and a maximum that is 20 percent above the market pay policy. Table 1, on the following page, is the General

Pay Table of monthly pay rates. A&I developed separate pay tables for nursing and for highway patrol and criminal investigation.

Following is an example of this methodology using Grade N. A variety of positions are assigned to Grade N, such as Project Engineers, Senior Accounting Analysts, and Benefits and Eligibility Supervisors. All employees in a position assigned to Grade N should receive monthly salaries between \$4,569 and \$6,450, with the market policy position being \$5,375.

Table 1. General Pay Table, Monthly Rates.

Grade	Minimum	Market Policy Position	Maximum
W	\$8,876	\$10,442	\$12,531
V	\$8,217	\$9,667	\$11,601
U	\$7,594	\$8,933	\$10,720
T	\$7,049	\$8,292	\$9,951
S	\$6,581	\$7,742	\$9,291
R	\$6,177	\$7,267	\$8,721
Q	\$5,816	\$6,842	\$8,211
P	\$5,511	\$6,483	\$7,780
O	\$5,001	\$5,883	\$7,060
N	\$4,569	\$5,375	\$6,450
M	\$4,187	\$4,925	\$5,910
L	\$3,861	\$4,542	\$5,451
K	\$3,564	\$4,192	\$5,031
J	\$3,315	\$3,900	\$4,680
I	\$3,004	\$3,533	\$4,240
H	\$2,735	\$3,217	\$3,861
G	\$2,494	\$2,933	\$3,520
F	\$2,253	\$2,650	\$3,180
E	\$2,040	\$2,400	\$2,880
D	\$1,870	\$2,200	\$2,640
C	\$1,707	\$2,008	\$2,410
B	\$1,566	\$1,842	\$2,211

Source: Department of Administration and Information, Human Resources Division.

2. **According to A&I, about 8,700 state positions were a part of the Hay Study. Of these, almost 2,500 employees had salaries below the minimum of the pay range and received pay increases to bring them up to the minimum. For some employees, these salary increases could be small if they were only slightly below the minimum. Just under 300 employees had salaries that exceeded the maximum of the pay range and whose salaries remained the same.**

Early in the project, the decision was made that no employees would receive pay cuts as a result of the study. According to A&I staff, this decision was approved by the Governor's Office and the Project Steering Committee, which was composed of key executive branch stakeholders. Instead of a pay cut, employees whose salaries are above the maximum amount for their grade will not receive market adjustments until the pay tables are adjusted upon future market surveys.

3. **A&I established a new state compensation policy for the executive branch, effective March 2010.¹ The stated mission of the policy is, "To apply and maintain policies and procedures that provide internal alignment and incorporates market based data into pay ranges while establishing consistent and equitable base pay and non-base pay actions that will be consistently applied for all state employees." The compensation policy uses the framework established by the Hay Study, including the pay tables. Following are some elements of the compensation policy related to pay rates:**
- Pay rates shall not be above the maximum or below the minimum without prior written approval by the A&I Human Resources Administrator or designee.
 - Hiring pay rates are to be between the minimum rate and the market policy position. The hiring rate is dependent on the knowledge, skills, and demonstrated competencies of the person being hired; the current pay of the person being hired; and the pay of the other employees holding the same position as is being filled.
 - Raises shall only be offered to employees meeting or exceeding expectations.
 - Positions can be reclassified. If an employee's position is reclassified and that employee's pay does not fit into the range for the new classification, then the employee's pay is to be adjusted so that it does fit. As a result, the policy states that if the employee's current pay is above the maximum for the new classification, the employee's pay shall be reduced to the maximum of the pay range.

If you need anything further, please contact LSO Research at 777-7881.

¹ Available online at <http://personnel.state.wy.us/SECC/CompensationPolicy3-1-2010.pdf>