

State of Oklahoma

COMPENSATION FINAL REPORT

March 1, 2023



Table of contents

Executive Summary	2
Section 1: Compensation Assessment	5
Section 2: Competitive Market and Employee Impact Analysis	12
Appendix	31






Executive Summary



Introduction

Per House Bill 3422 of the 2022 regular legislative session, Human Capital Management (HCM) is required to conduct a study to examine the overall compensation for positions covered by the Office of Management and Enterprise Services (OMES) under the Civil Service and Human Capital Management Act. As a result, EY was engaged to conduct a compensation study, job catalog review, and HR assessment.

The Compensation report is focused on achieving the following objectives:

-  **Recruit and retain highly-qualified employees and minimize employee turnover**
-  **Identify gap between State of Oklahoma's compensation and the market**
-  **Align to leading market practices and become market competitive**

This report does not include or represent EY recommendations or opinions. However, the report represents market consensus compensation data and considerations around the current state.



Approach and key activities

Develop understanding of current strategy and programs

- Met with key stakeholders to understand the existing compensation strategy and human resources function as well as the desired future state and opportunities for improvement
- Conducted six group interviews with representatives from various agencies within the State of Oklahoma
- Collected and reviewed available documentation
- Identified gaps and opportunities in current compensation program and HR functions

Compensation analysis

- Benchmarked 500 jobs provided by OMES
 - 453 jobs (91%) with validated matches
 - 47 jobs (9%) were not able to be benchmarked
- Analyzed published survey sources to determine typical market compensation levels in similarly-sized organizations within both the government and private sectors
- Compared market rates of pay to current pay within the State of Oklahoma for benchmarked jobs
- Prepared employee cost impact scenarios for benchmarked jobs and estimated projections for all State employees

Job catalog *Timeline extended to March 15th*

- Of the 175 jobs identified for job description (JD) creation, received data for 102 jobs
- Developed job descriptions for 102 jobs not previously in the job catalog
- Mapped 560 in-scope jobs for 120 agencies into the revised HCM job catalog with recommended new job families
 - 500 jobs from benchmarking
 - 102 jobs from JD development
 - 42 jobs are part of both benchmarking and JD development
- Identified opportunities for job consolidation and for updating job titles for consistency

Implementation strategy

- Developed preliminary strategy for implementing results of compensation study
- Developed preliminary high-level change and communication plan to effectively communicate and implement results of compensation analysis
- Provided recommendations for continuous maintenance and administration of the compensation program



Section 1: Compensation Assessment



Section 1: Compensation Assessment

Background and overview

7

Discussion themes

8

Summary of key findings

9

Current state compensation gap analysis

10



Background and overview

As part of the market-based compensation study, OMES identified key stakeholders to provide input into this project. Interviews were set up with all key stakeholders identified.

Through these interviews, the key stakeholders were asked to share their thoughts around:



Six group interviews⁽¹⁾ were conducted. The key stakeholders included key leadership as well as representatives from various agencies of the State of Oklahoma, listed below.



Public Safety



Transportation



**Economic Administration
and OMES**



**Health and Mental
Health**



**Energy and
Environment**



Human Services

(1) Group interview participants detailed in Appendix



Discussion themes

The stakeholder interviews went beyond the quantitative data to capture qualitative input. Below are the key topics from these discussions:

Sample questions

- Who are your top **competitors** for talent? Do you feel your competitors for talent come from the private or public sector?
- What has been the employee **turnover** level due to salary? Are there specific roles where you see more turnover than others?
- On a scale of 1-5, where 1 is limited change and 5 is extensive change, **how much change** do you foresee as necessary to compensation to meet your talent needs?
- Have you experienced change in the State's **compensation programs** since you have worked here? How did that experience impact you?
- What would be the **ideal outcome** of this project?

Key themes we heard from stakeholders



Summary of key findings

Stakeholders feel current compensation programs require an extensive amount of change








- The gap in compensation between the State of Oklahoma and both public and private sector competitors makes it difficult to recruit and retain qualified employees
- There is opportunity to increase transparency around compensation decisions and establish consistency and equity across agencies

Areas of priority

- Licensed professionals (nurses, medical staff, engineers, CPAs)
- Highly skilled professionals (technical staff)
- Front line staff (counselors, case managers, child welfare specialists)
- Duplicative jobs across agencies

Here's what we heard:

-  **Compensation**
Competitors are offering higher rates of pay and the state struggles to compete for qualified candidates
-  **Transparency and consistency**
Desire for increased transparency and consistency across agencies around pay decisions
-  **Non-compensation levers**
State benefits package is no longer deemed a differentiator from competitors, placing competitive emphasis on salary
-  **Performance**
Desire for defined link between performance and compensation
-  **Retention**
Turnover is high across agencies and salary is cited as a driving force behind employees' decisions to leave



Current state compensation gap analysis

Category	Current State	Future State Considerations
Compensation philosophy	<ul style="list-style-type: none"> The state's published compensation philosophy under 74 O.S. § 840-2.15A states that they will pay at 90% of the market median; however, this policy is not necessarily followed 	<ul style="list-style-type: none"> Refine and follow a compensation philosophy to help guide future compensation related decisions
Pay practices and transparency	<ul style="list-style-type: none"> The State of Oklahoma currently has 26 different pay bands in place for classified jobs Positions that are not classified in the pay bands do not adhere to the pay band structure Compensation for the same job titles is not consistent across agencies <ul style="list-style-type: none"> Some agencies pay higher salaries for the same job titles allowing employees to move jobs within the state to be compensated higher for the same position No formalized process across the state for merit increases No annual bonus program Longevity payments provide compensation to employees for continued employment Employees do not understand how pay decisions are made Compensation practices vary between agencies and are influenced by the allocation of funds available to each 	<ul style="list-style-type: none"> Include jobs that are not classified within the pay band compensation system Align pay bands, where appropriate, to establish consistency across the state agencies Adopt a salary structure aligned to leading market practices and establish salary administration guidelines Alternatively, utilize market data, refreshed every 2–3 years, to help ensure positions are paid competitively Ensure alignment of employees to salary grades assigned to jobs within the job catalog Evaluate performance management process to identify opportunities to better align pay to performance Potential changes could include: <ul style="list-style-type: none"> Implement annual performance evaluation cycle across the state Utilize performance evaluations to reward contributions Adopt a merit pay system that incorporates performance to provide a consistent process for salary increases Establish consistent, clear pay practices across the state to increase transparency in the compensation adjustment process, while allowing each area to address its specific needs Develop communications around compensation decisions



Current state compensation gap analysis

Category	Current State	Future State Considerations
<p style="text-align: center;">Market competitive pay</p>	<ul style="list-style-type: none"> Adoption of advanced technology has led to an increased demand for highly-skilled technical talent It is difficult to compete with private sector for licensed professional talent Employees feel current pay programs lack agility to keep up with market pay <hr/> <ul style="list-style-type: none"> There is a perception that the state has difficulty competing with public and private sector due to pay Agencies compete with one another for talent due to decentralized and inconsistent pay practices 	<ul style="list-style-type: none"> Consider targeting above the market 50th percentile for “hot” jobs or specialized skill sets <hr/> <ul style="list-style-type: none"> Increase transparency around compensation decisions and processes Consider “all industry” salary market data and target compensation at the market 50th percentile to reduce disparity in compensation between both public and private sector Align salary bands state-wide to reduce pay-related inter-agency competition
<p style="text-align: center;">Career pathing and development</p>	<ul style="list-style-type: none"> There is currently no clear documentation regarding communication of expectations and requirements for career levels There are currently over 2,400 job titles with no assigned job family or job description Oklahoma has many job titles with employees in multiple pay ranges 	<ul style="list-style-type: none"> Increase transparency around career levels and emphasize requirements for career development <ul style="list-style-type: none"> Implement clear, more structured career paths Review job titles and properly consolidate for more efficient career pathing <ul style="list-style-type: none"> This will also allow the organization to catch those pay inconsistencies with the same titles Ensure proper alignment of employees to jobs (job title and job code)



Section 2: Competitive Market and Employee Impact Analysis



Section 2: Competitive Market and Employee Impact Analysis

Market-based compensation analysis overview	14
Benchmarking statistics and observations	16
Employee analysis statistics and observations	17
Potential cost impact	19
Considerations for the future state	26
Roadmap to implementation	27
Appendix	31
Methodology	32



Market-based compensation analysis overview

1. Determined benchmarking criteria

- Met with key stakeholders to understand existing compensation strategy
- Defined and validated scope factors
- Reviewed job catalog
- Utilized job descriptions to determine best matches from library of published compensation surveys⁽¹⁾
- Validated salary survey matches with key stakeholders

3. Aligned to salary structure

- Aligned benchmarked jobs to the existing salary structure utilizing market median
- Prepared **employee impact analysis** for changes to grades based on market data
- Provided cost projections for employees not captured in the 453 benchmarked jobs

Final Report

- Final report delivered to OMES March 1st
- Additional readout scheduled on March 7th

2. Market priced jobs

- Analyzed published survey sources to determine typical market compensation levels
- Developed market consensus estimates for base salary, and Total Cash Compensation (TCC)
- Prepared **benchmarking statistics and observations** of external market data at job title level for 453 of 500 jobs (91%) identified for benchmarking⁽²⁾

4. Developed Sprint 2 draft report

- Combined findings of **benchmarking statistics and observations** and **employee impact analysis** to present to key stakeholders

(1) Employee placement in jobs was not validated

(2) 47 of 500 jobs (9%) were not able to be benchmarked



Preface

This analysis contains two sections:

1. *Benchmarking statistics and observations*

- Analysis and findings at the **job-level** of the 453 out of 500 (91%) benchmarked jobs
- Compares benchmarked roles directly to market consensus data

2. *Employee analysis statistics and observations*

- Analysis and findings at the **employee-level** of the 453 out of 500 (91%) benchmarked jobs
- Benchmarking jobs aligned to the existing salary structure utilizing market median
- Compares incumbent pay to the revised salary grade

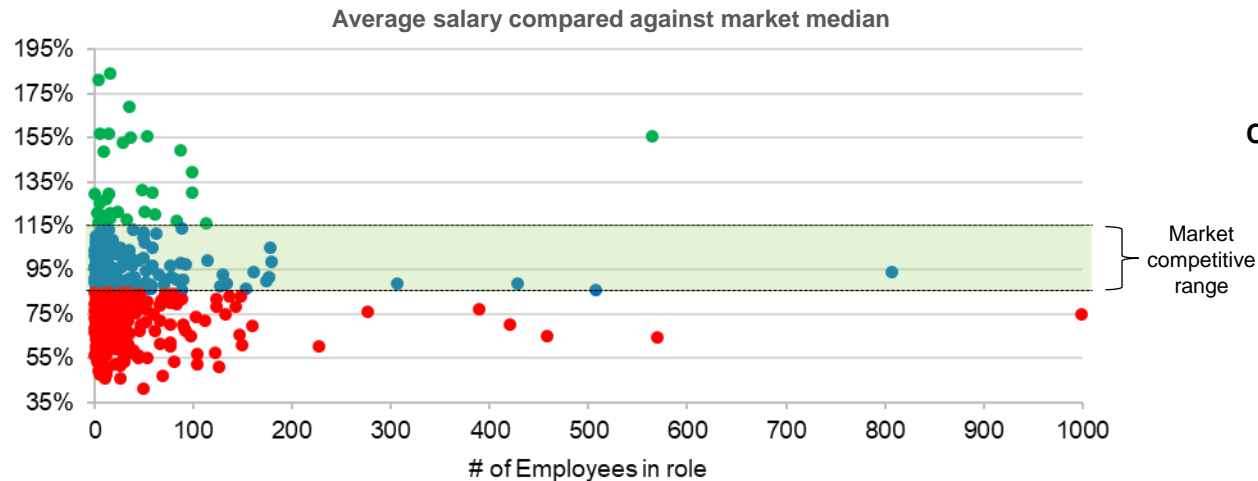


Benchmarking statistics and observations

Job summary of Benchmarking exercise

- 500** Jobs identified for benchmarking
- 91%** Jobs benchmarked (453 out of 500)
- 61%** Percentage of total State Employees represented in benchmarked roles (18,784 of 30,802)⁽¹⁾

The market study revealed that average salary is below market competitive range⁽²⁾ for a majority of benchmarked jobs



- (1) Only regular employees considered - contract, temporary, and intern employees excluded
- (2) Market competitive range is defined as pay between **85%** and **115%** of the market median
- (3) Compared against the market base 50th percentile

10 Most Competitive jobs



Job Title	Competitiveness of average base pay ⁽³⁾
Criminalist II	184%
Professional Land Surveyor II	181%
Security Technician	169%
Criminalist I	157%
Communications Officer (DPS) II	157%
Law Enforcement Highway Patrol Officer III	156%
Server Support Specialist	156%
Criminalist III	155%
Law Enforcement Highway Patrol Manager I	153%
Systems Support Specialist	149%

10 Least Competitive jobs



Job Title	Competitiveness of average base pay ⁽³⁾
Statistical Research Specialist IV	50%
Information Systems Applications Specialist IV	49%
Child Care Licensing Specialist IV	49%
Agriculture Field Inspector V	48%
Agriculture Field Inspector IV	47%
Direct Care Specialist III	47%
Direct Care Specialist IV	47%
Senior Decision Support Analyst	46%
Food Service Manager I	46%
Food Service Specialist IV	41%



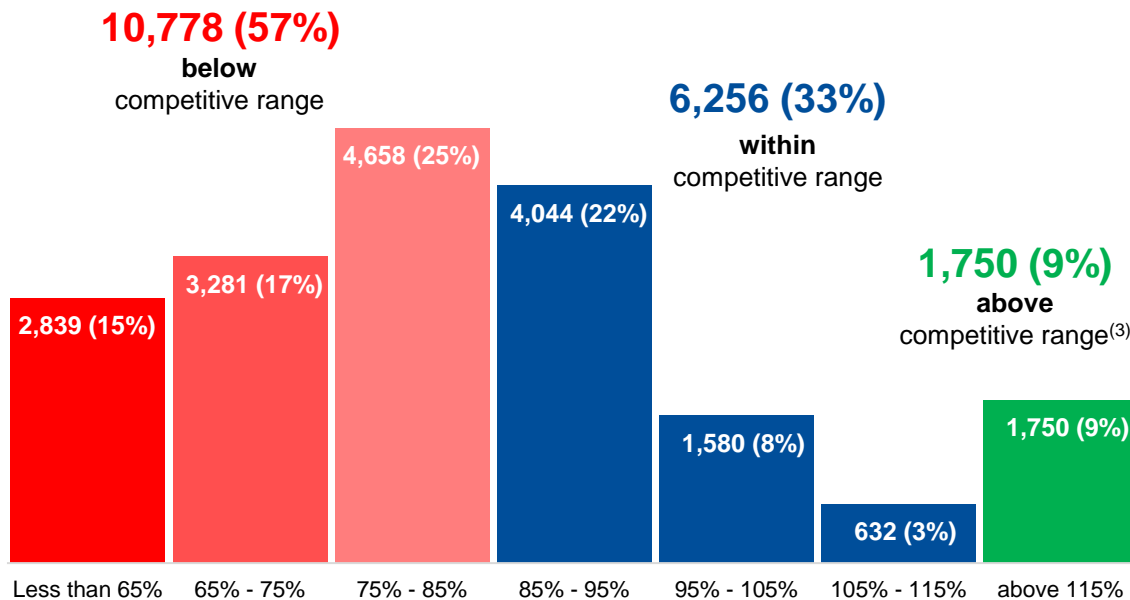
Employee analysis statistics and observations

Aligning to State of Oklahoma salary structure

Benchmarked jobs were aligned to Oklahoma's existing salary structure based on the market median and incumbent pay was analyzed against the proposed salary grade.

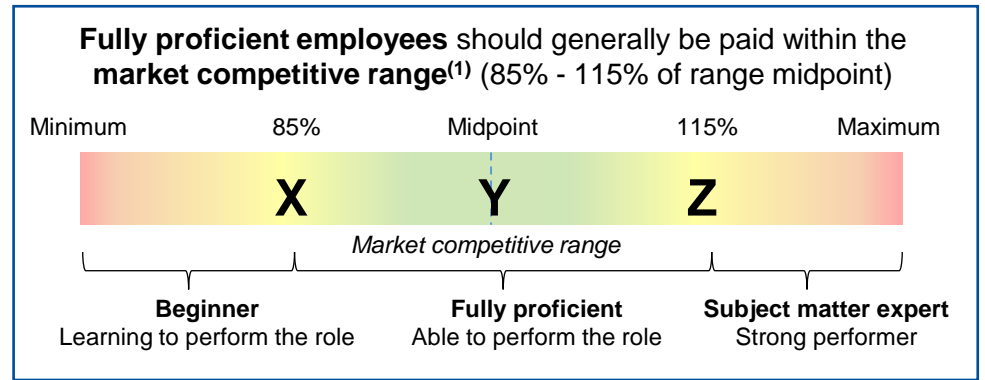
Of the 18,784 employees within the 453 benchmarked jobs, about 57% fall below the market competitive range⁽¹⁾ for their salary grade⁽²⁾

Distribution of individual salary against proposed salary grade midpoint



(1) Market competitive range is defined as pay between 85% and 115% of the proposed salary grade midpoint
 (2) Three (3) benchmarked roles do not have incumbents
 (3) While job titles should be aligned to the market data, employee salaries should not be reduced. Rather, employees who are significantly above the market competitive range for their job titles should receive lower or zero increases until their salary is within the competitive range.

Illustrative salary grade



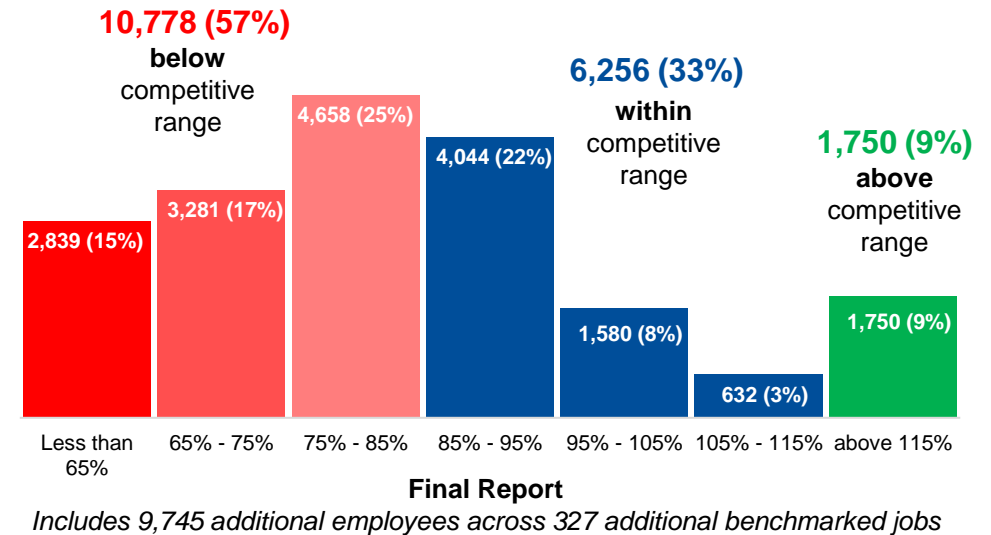
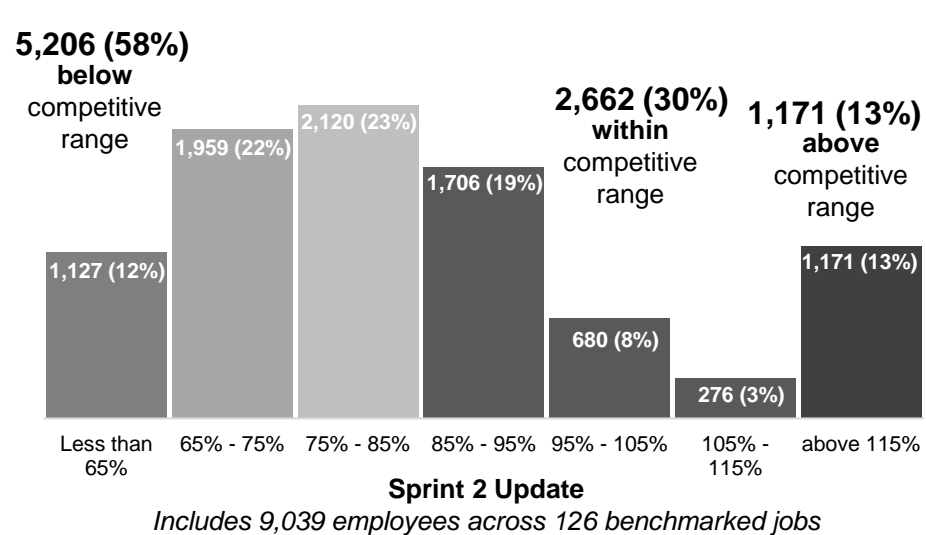
The market study revealed that incumbent pay for the 453 benchmarked jobs is below the market competitive range⁽¹⁾ of their salary grade for many employees

- A** If employees are brought to the **minimum** of the proposed salary grade:
4,275 employees would receive an average salary increase of **\$7,376**
- B** If employees are brought to **75% of the midpoint** of the proposed salary grade:
6,120 employees would receive an average salary increase of **\$9,818**
- C** If employees are brought to the **market competitive range** of the salary grade:
10,778 employees would receive an average salary increase of **\$11,341**



Building on previous results

Distribution of individual salary against proposed salary grade midpoint



Potential cost impact

	Scenario A Employees are brought to the minimum of the proposed salary grade:		Scenario B Employees are brought to 75% of the midpoint of the proposed salary grade:		Scenario C Employees are brought to the market competitive range of the proposed salary grade:	
	# Employees Impacted	Average Salary Increase	# Employees Impacted	Average Salary Increase	# Employees Impacted	Average Salary Increase
Sprint 2 Update	1,886	\$6,284	3,086	\$8,129	5,206	\$10,275
Final Report	4,275	\$7,376	6,120	\$9,818	10,778	\$11,341
<i>Difference</i>	+2,389	+\$1,092	+3,034	+\$1,689	+5,572	+\$1,066



Prelude to potential cost impact

The next slide contains **Potential cost impact scenarios** based on the 453 of 500 (91%) benchmarked jobs.

Estimated costs on the next page are for the 18,784 employees aligned to the 453 of the 500 (91%) jobs.

Projected costs are included for the remaining 12,018 employees and were calculated using the same percent of payroll as employees in jobs that were benchmarked for each scenario.



Potential cost impact

Estimated costs (in millions) ⁽¹⁾	Estimate ⁽²⁾ (18,784 employees)	Projected Estimate ⁽⁵⁾ (30,802 employees) ⁽⁶⁾
Scenario A: Bring employees to minimum of salary grade	\$42.30	\$76.38
# of Employees below minimum	4,275	TBD
Cost to bring employees to minimum	\$31.53	\$56.93
Additional fringe ⁽³⁾	\$7.62	\$13.75
Additional budget to address compression ⁽⁴⁾	\$3.15	\$5.69
Scenario B: Bring employees to 75% of the salary grade midpoint	\$80.60	\$145.54
# of Employees below 75% of salary grade midpoint	6,120	TBD
Cost to bring employees to 75% of salary grade midpoint	\$60.08	\$108.49
Additional fringe ⁽³⁾	\$14.51	\$26.20
Additional budget to address compression ⁽⁴⁾	\$6.01	\$10.85
Scenario C: Bring employees to market competitive range (85% of the salary grade midpoint)	\$163.98	\$296.08
# of Employees below market competitive range	10,778	TBD
Cost to bring employees to market competitive range	\$122.24	\$220.71
Additional fringe ⁽³⁾	\$29.52	\$53.30
Additional budget to address compression ⁽⁴⁾	\$12.22	\$22.07

(1) Data based on census provided 12/14/2022

(2) 18,784 employees are in the 453 benchmarked jobs

(3) Fringe rate of 24.15%

(4) Budget for compression is approximately 10% of the total cost excluding fringe

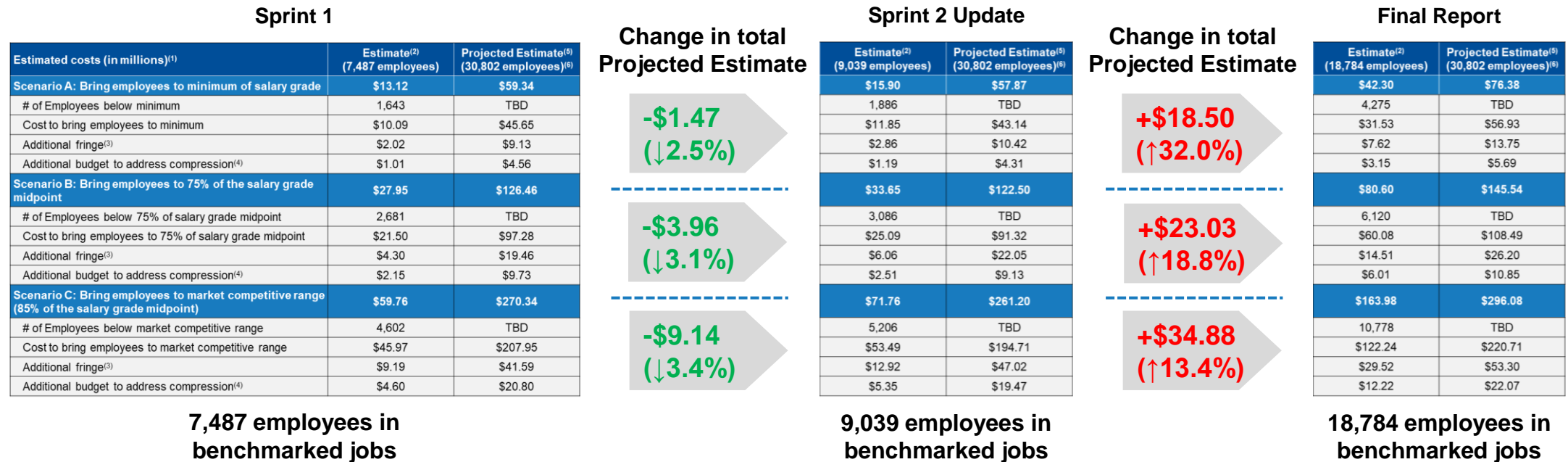
(5) Cost projection could be over- or under-stated

(6) 30,802 total employees listed as regular employees in census



Potential cost impact updates

The changes observed in the cost impact projections are driven by the employee population in benchmarked jobs. While the methodology and approach to these calculations did not change⁽¹⁾, the increase in employees in benchmarked jobs results in a more precise Projected Estimate.



(1) Fringe rate of 20.00% used for Sprint 1 calculations and updated to 24.15% for Sprint 2 Update and Final Report, based on conversations with OMES.



Supplemental Documents

In addition to the analysis in this presentation, the following supplemental documents will be provided to the State of Oklahoma. A preview of each is provided on the upcoming slides.

1. [Benchmark analysis and market consensus data](#) (*document password Oklahoma2023*): excel file containing two tabs:
 - i. Job Analysis: job-level detail
 - ii. Employee Analysis: employee-level detail
2. [Survey benchmark descriptions](#) slide deck with approved survey titles and sources used for each benchmark job



Job analysis

An accompanying detailed job analysis, with market data for all benchmarked jobs will be provided to the State of Oklahoma.

Job Data						Current Pay Range			Market Base			Avg Incumbent Salary Competitiveness	Market TCC		
OK Job Code	OMES Job Title	Current Pay Grade	# of Employees	Average Incumbent Salary	Average Bonus	Min	Mid	Max	25th %ile	50th %ile	75th %ile	Market 50th %ile	25th %ile	50th %ile	75th %ile
Current job information as provided by State of Oklahoma									Market data and average incumbent salary competitiveness						

Proposed Salary Grade Cost Scenarios						Proposed Salary Structure				
# of employees	Cost to proposed Salary Grade Minimum	# of employees	Cost to 75% of proposed Salary Grade Midpoint	# of employees	Cost to Market Competitive (85% of proposed Salary Grade Midpoint)	Proposed Salary Grade	Salary Grade Min	Salary Grade Mid	Salary Grade Max	Salary Structure Midpoint Competitiveness
Cost impact analysis by job						Proposed salary grade information				



Employee analysis

An accompanying detailed employee analysis, identifying individuals who would be eligible to receive increases under each scenario (A, B, and C), will be provided to the State of Oklahoma.

Current Data									Current Pay Range					
Employee ID	OK Job Code	Position Title	Current Grade	Business Unit	Benchmark Title	FTE	Base Salary	Base Salary FTE	Min	Mid	Max			
Current census information as provided by State of Oklahoma														
Market Base			Target Bonus	Total Cash Compensation			Incumbent Salary Competitiveness	Incumbent Data Analysis						Incumbent Salary Midpoint Competitiveness
25th %ile	50th %ile	75th %ile	50th %ile	25th %ile	50th %ile	75th %ile	Market 50th percentile	Is Individual Salary Competitive?	Incumbent Difference from Market Median	Proposed Grade Level	Proposed Minimum	Proposed Midpoint	Proposed Maximum	Incumbent Pay/Proposed Salary Grade Midpoint
Market data and salary competitiveness								Proposed salary grade information						
Cost Impact Analysis														
Benchmarked?	Cost to proposed Pay Grade Minimum	Cost to 75% of proposed Pay Grade Midpoint	Cost to market Competitive (85% of proposed Pay Grade Midpoint)											
Cost impact analysis by employee														



Survey benchmark descriptions

An accompanying report of the approved survey titles and sources used for each benchmark job will be provided to the State of Oklahoma.

DRAFT: For internal discussion purposes only

Contents

S. No.	Job Family	S. No.	Job Family
1	Agricultural Services and Inspections	9	59
2	Corrections & Custody	60	127
3	Employment Services	128	142
4	Financial Management	143	211
5	General Administrative	212	342
6	General Safety, Security Inspections and Investigations	343	392
7	General Sciences and Environmental Services	393	435
8	Health Care Services and Administration	436	552
9	Historical Preservation	553	557
10	Human Resources Management and Development	558	613
11	Information Technology	614	671
12	Institutional and Nutritional Services and Administration	672	733
13	Insurance and Benefits Administration	734	738

DRAFT: For internal discussion purposes only

Accountant I

Source	Job Title	Job Description
State of Oklahoma	Accountant I	<p>Overview: Positions in this job family are assigned responsibilities involving professional level work in the maintenance, analysis, interpretation and management of financial accounting data. This includes the preparation and posting of various journals, ledgers and accounts, analysis and presentation of financial data, and preparation of financial statements and expenditure reports, review and approval of various vouchers and invoices, budget requirements, preparing payroll data, allocation of funds to various accounts or fund activities.</p> <p>Typical Functions: Reviews, analyzes and presents financial data, including revenue reports, to determine funding requirements. Prepares financial statements, reports of operations, statistical data, and other information concerning financial requirements; assists in gathering preparation of budget work programs. Maintains various ledgers, journals, registers and other financial records; classifies expenditures and posts to various accounts and processes expense vouchers, invoices, and other fiscal documents for payment; reconciles other data concerning fiscal operations. Determines payroll requirements; maintains payroll processes monthly payrolls.</p> <p>Level Descriptor: This is the basic level of the job family where employees are primarily performing routine entry level work in a training status to build their skills in maintaining, analyzing and information and applying generally accepted accounting principles. In this role they will perform maintenance of financial information, reviewing and processing routine vouchers and invoices of routine or standardized accounting reports and financial statements and the reconciliation of transactions.</p>

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Accountant I (Cont.)

Source	Job Title	Job Description
State of Oklahoma	Accountant I	<p>Minimum Qualification: Education and Experience requirements at this level consist of a bachelor's degree in accounting, business, finance or a closely related field, or an equivalent combination of education and experience, substituting one year of bookkeeping for each year of the required degree.</p>
CompAnalyst	Accountant I	<p>Maintains financial records and ensures that financial transactions are properly recorded. Ensures the accuracy of entries to ledger accounts and reconciles subsidiary ledger accounts to the general ledger. Compiles financial data to aid more senior accountants in the preparation of balance sheets, profit and loss statements and other financial reports. Assists in analyzing current costs, revenues, financial commitments, and obligations incurred to predict future revenues and expenses. Typically requires a bachelor's degree in accounting or finance. Typically reports to a supervisor or manager. III P01-Entry : Work is closely managed. Works on projects/matters of limited complexity in a support role. Typically requires 0-2 years of related experience. Also matched to Accountant II.</p>
Mercer	Accounting - Entry Professional (P1)	<p>Positions in this sub-family are responsible for managing or performing work in general financial accounting activities of the organization, including: Financial transaction recording standards Control/reconciliation of accounts and records, Cost accounting/budgeting, Accounting reports/schedules for internal audiences (management reporting) and for external audiences (compliance reporting). May include administrative/transactional accounting support work, such as ledger maintenance and data entry An Entry Professional (P1) applies broad theoretical job knowledge typically obtained through advanced education. Responsibilities typically include: Work is closely supervised. Problems faced are not typically difficult or complex. Explains facts, policies and practices related to job area. Also matched to Accountant II.</p>

145



Considerations for the future state

High Impact	
1	Align jobs without market data to salary structure
2	Determine critical jobs that may be harder to recruit for and may require higher levels of pay
3	Adjust employee salaries based on market data aligned to salary structure while mitigating compression impacts
4	Consolidate jobs to reduce redundancy and promote consistency across job families
5	Assess the exemption status of hourly and salaried jobs

Quick Wins	
6	Refine compensation philosophy to help guide future compensation-related decisions and define approach to Total Cash Compensation (TCC)
7	Develop salary administration guidelines to support clear and transparent compensation decisions
8	Implement consistency in titling with job titles
9	Map the remaining jobs in the job catalog to the recommended job family groups and job families

Ongoing	
10	Monitor and adjust salary structure annually to maintain alignment with the market. Leading practices suggest conducting market studies every 2-3 years.
11	Continue to create job descriptions for jobs not included in the 102 job descriptions created as part of this effort
12	Finalize job catalog and ensure proper alignment of employees to job codes and salary grades
13	Create an intermediate level for level descriptors in the job catalog to bridge experience and responsibility gap between entry and career levels



Next steps for implementation

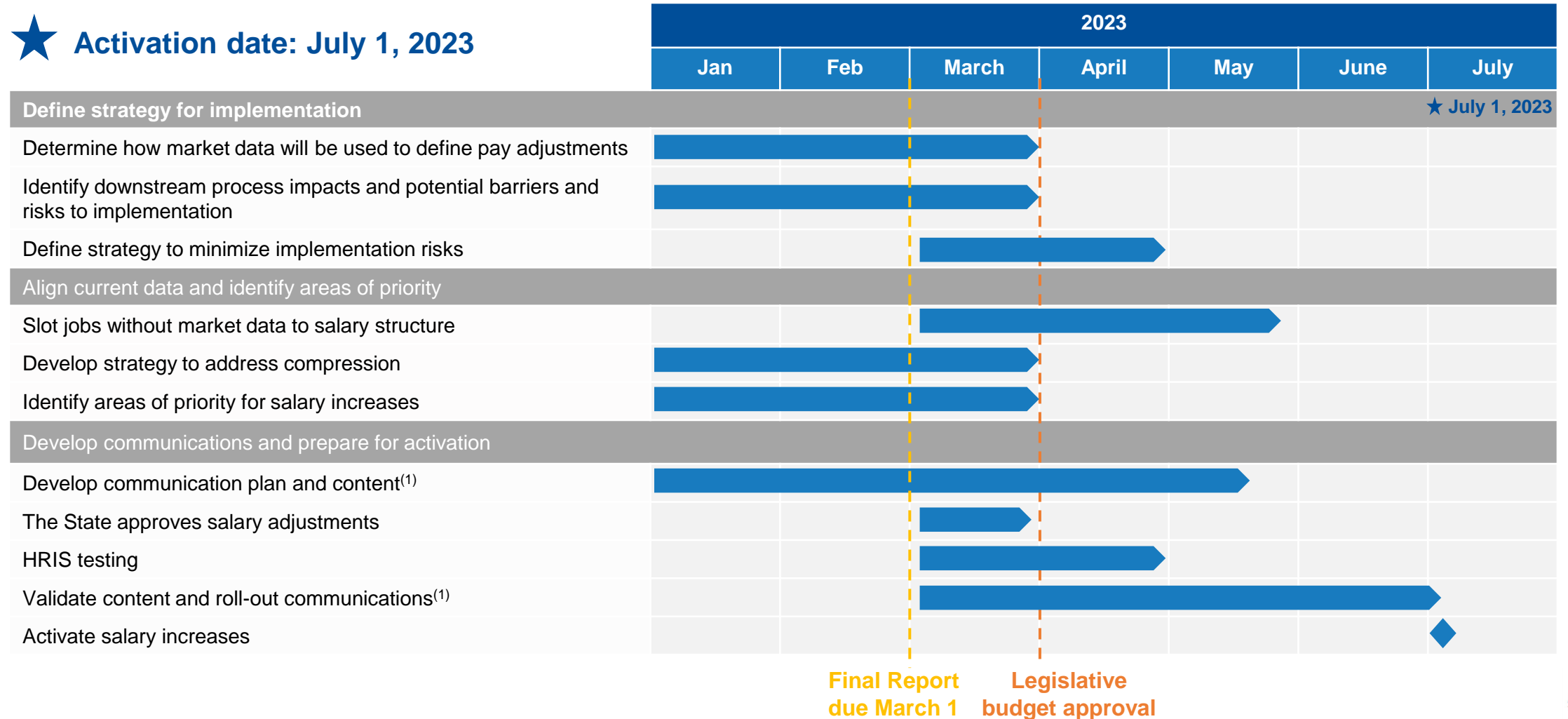
In connection with the compensation analysis, below are the next steps for the State of Oklahoma:

- | | |
|---|--|
| 1 | Obtain legislative approval for funding |
| 2 | Determine which scenario (A, B, or C) is possible based on funding |
| 3 | Determine activation date of compensation impact |
| 4 | Create implementation plan to include timing and responsibilities |
| 5 | Develop change management and communications strategy |



Roadmap to implementation – July 1st activation

★ **Activation date: July 1, 2023**

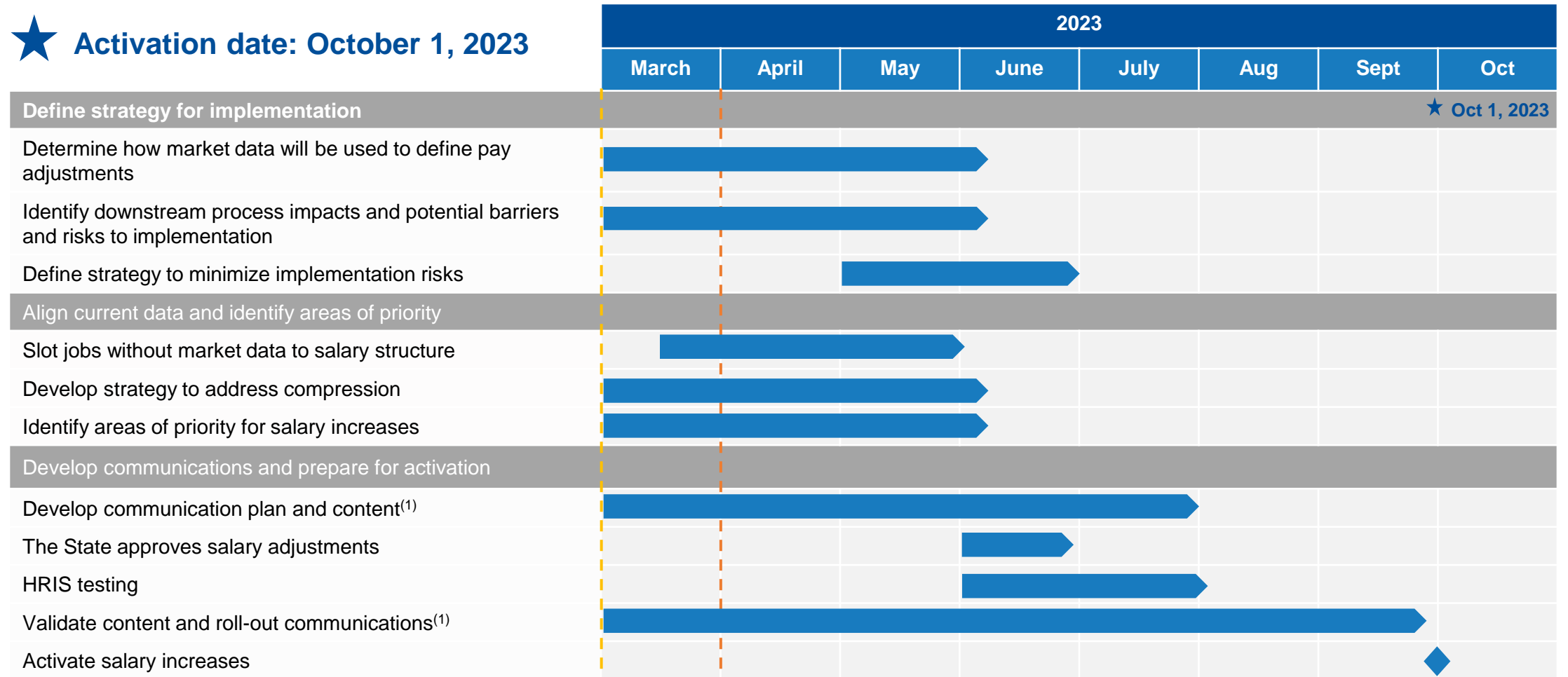


(1) Communication plan details on slide 30



Roadmap to implementation – October 1st activation

★ **Activation date: October 1, 2023**



(1) Communication plan details on slide 30

Final Report due March 1

Legislative budget approval



High-level communication strategy

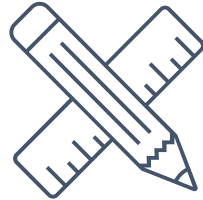
Create Communication Brief



Ensure alignment before content development

- Who is impacted?
- Who are the key stakeholders?
- What approvals are needed?
- What is the best strategy and channel for communication?

Create/Develop Content



Develop materials to enhance employee understanding

Examples:

- Talking points for Senior Leadership
- FAQs – for both people leaders and employees
- Education materials on new salary for Human Resources Team

Validate Content



Ensure appropriate stakeholders validate and approve content

Potential stakeholders:

- OMES
- Key Agencies
- Legislators
- Governor's Office

Roll Out Communication



Execute communication plan and distribute content to employees

Potential channels:

- E-mail
- Newsletter
- Townhall meeting
- Team meetings



Appendix

Methodology

32

Detailed interview findings

40

Key stakeholders

36



Methodology



EY benchmarking methodology

- **Review of State of Oklahoma's data:** Review the State's data to identify appropriate industry benchmarks: industry, general company information and financial information.
- **Published Survey Data Review:** Published surveys contain compensation data on both privately held and publicly traded organizations.
 - Analyze multiple published survey sources to determine typical market compensation levels in similarly sized organizations in an all-industry data cut, as requested by the State
 - Survey providers: CompAnalyst, Mercer, WTW
- **Identification of Market Competitive Compensation Benchmarks:** From the survey data, develop market consensus estimates for base salary, annual incentive and target bonuses, and Total Cash Compensation (TCC), where available, for benchmarked positions.
 - Our standard methodology involves identifying market consensus base, annual incentive, and TCC levels at 25th, 50th (median), and 75th percentiles.
 - For example, the 75th percentile market consensus compensation represents the data point at which 75% of the market data is below the report level and 25% of the market data is above the reported level.



Methodology

Trend, industry, and scope

Trend Date, Factor ⁽¹⁾ and Industry Mix	<ul style="list-style-type: none">• All data was trended to March 1, 2023, to allow for varying effective dates of information collected in published surveys• Survey trended by a factor of 3.0% to January 1, 2022; 3.8% to March 1, 2023	
Scope Factors	Market Benchmark	Market data reflects the 25 th , 50 th (median), and 75 th percentiles
	Organization Size	Organizations with revenue \$20B+
	Industry Scope	All industries
	Geographic Differential	Per discussions with the State of Oklahoma, a geographic differential has been applied. Cost of Labor in Oklahoma City is approximately 10.5% below the national average
	Match Premium	Where the survey match was a level lower than the State of Oklahoma’s job, a 10% premium was added to the survey data; alternatively, when the survey match was a level higher than the State of Oklahoma’s job, a 10% discount was applied

(1) Annual percentages



Methodology

Assumptions

- The IS Analyst (job code: 4125) is benchmarked against three (3) job descriptions (Business Intelligence, Database Administrator, Data Analyst). All three (3) benchmarked descriptions have similar market data that align to the same salary grade (N). For the sake of the analysis, incumbents assigned to job code 4125 will align to IS Analyst - Data Analyst.
- One (1) incumbent currently assigned to the Business Filing Specialist (job code: E18D) has been manually removed from the job based on feedback from OMES. The incumbent is being considered for the cost impact projections.



Key stakeholders



Key stakeholders

As detailed on page 7, six (6) stakeholder group interviews were conducted during the data gathering phase of the project. The tables below detail the individual stakeholders selected to represent their respective groups in interviews.

Public Safety	
Name	Title
Mitzi Bennet	<i>HR Director</i>
Kathryn Brewer*	<i>Executive Coordinator</i>
Todd Fenimore	<i>Assistant Commissioner</i>
Justin Giudice	<i>HR Manager</i>
Steven Harpe*	<i>Director</i>
Felicia Jackson	<i>HR Director</i>
Shavonne Lafayette	<i>HR Assistant Director</i>
Adam Liu*	<i>Administrative Specialist</i>
Lia Tepker-McHughes	<i>Finance Director</i>
Tim Tipton	<i>Commissioner</i>

Transportation	
Name	Title
Marjorie Cobb	<i>HR Director</i>
Tim Gatz*	<i>Director</i>
Brian Jepsen	<i>HR Director</i>
Scott Lange	<i>HR Director</i>
Kelli Massey	<i>HR Manager</i>
Daniel Ridings	<i>Director of Administrative Services</i>
Vicky Scaggs	<i>HR Administrator</i>
Amanda Storck	<i>Chief of Administration and CFO</i>
Keith Stout	<i>HR Operations Manager</i>
J.D. Strong	<i>Director</i>
Dawn Sullivan	<i>Deputy Director</i>
Shelley Zumwalt	<i>Executive Director</i>

* OMES to confirm participation



Key stakeholders

As detailed on page 7, six (6) stakeholder group interviews were conducted during the data gathering phase of the project. The tables below detail the individual stakeholders selected to represent their respective groups in interviews.

Economic Administration and OMES		Human Services	
Name	Title	Name	Title
Lisa Boyd*	<i>Administrative Assistant</i>	Rena Bigby	<i>Deputy Director of HR</i>
Jamie Bush*	<i>Interim Chief HR Officer</i>	Craig Glassock	<i>Public Health Specialist</i>
Nina Calvert*	<i>HR Management Specialist</i>	Tommi Ledoux	<i>HR Programs Director</i>
Sarah Fite	<i>HR Director</i>	Cathy Menefee	<i>Deputy Director of Human Services</i>
Lisa Hoelscher	<i>HR Director</i>	Tom Patt	<i>HR Program Director</i>
Katie Holderread	<i>HR Special Projects Manager</i>	Sajan Philip	<i>Deputy Director of HR</i>
Doug Linehan	<i>Executive Director</i>	Kevin Statham	<i>CFO</i>
Heidi McComb	<i>HR Manager</i>	April Story	<i>HR Programs Manager</i>
Trae Rahill	<i>CEO</i>	Randy Weaver*	
Tralynn Stevenson	<i>HR Programs Admin</i>		
John Suter	<i>COO</i>		
Angela Tackett	<i>CFO</i>		
Shay Varner	<i>HR Director</i>		

* OMES to confirm participation



Key stakeholders

As detailed on page 7, six (6) stakeholder group interviews were conducted during the data gathering phase of the project. The tables below detail the individual stakeholders selected to represent their respective groups in interviews.

Health and Mental Health	
Name	Title
Ellen Buettner	<i>Chief of Staff</i>
Julie Chambers	<i>HR Manager</i>
Kevin Corbett	<i>Agency Administrator</i>
Katie Cummings	<i>HR Manager</i>
Kristin Elsenbeck	<i>HR Programs Manager</i>
Jennifer Lamb-Hornsby	<i>Senior Director</i>
Lina Long	<i>HR Manager</i>
Brittany Lowe	<i>Senior HR Coordinator</i>
Jason Maricle	<i>HR Assistant Director</i>
Rosangela Miguel	<i>HR Director</i>
Pam Mulvaney	<i>Senior Director</i>
Julie Pollard	<i>HR Manager</i>
Brandy Reames	<i>HR Manager</i>
Carrie Slatton-Hodges	<i>Commissioner</i>

Energy and Environment	
Name	Title
Karla Addington	<i>HR Program Director</i>
Melissa Atkinson	<i>Programs Manager</i>
Bridgett Griffin	<i>HR Programs Manager</i>
Lori Mize	<i>HR Programs Manager</i>
Jim Nelson	<i>Programs Manager</i>
Scott Thompson	<i>Executive Director</i>
Brandy Wreath	<i>Executive Director</i>

* OMES to confirm participation



Detailed interview findings



Interview findings



Business goals and talent needs

- Attracting and retaining a qualified workforce
 - Low compensation and competition with other public and private entities has made recruitment and retention difficult
 - The adoption of advanced technology has created a critical demand for high-caliber technical, licensed, and engineering talent
- Pay bands that promote equitable pay across state agencies and sustainable salary growth through career progression
- Formal performance management policy that clearly links merit and pay to promote market competitive pay and provide transparency in the overall pay decision process
- Defined job families that provide transparency in career and salary progression



Areas that are particularly hard to fill or have high turnover

- Turnover is high across agencies with many departed employees citing compensation as a key factor behind the decision to leave
- Several areas were deemed hard to fill because of the value of the State's total compensation package compared to private sector and other public agencies
 - Nursing and medical staff
 - Engineers and technical staff



Interview findings



Compensation decisions and transparency

- Pay bands are regularly evaluated against the market, but the allocation of adjustments is constrained by the availability of funds within the budget
- Salary decisions are made by agency leadership in conjunction with HR
- There is no formalized system in place for merit-based increases
- There is a perceived lack of transparency surrounding compensation, as employees do not understand how pay decisions are made with regards to annual increases and promotions
- Agencies might lose talent to other agencies because of pay since there is no consistent pay band alignment across the State



Need to increase compensation

- There is a gap in compensation between the state and private sector, making it difficult to attract and retain talent
 - The benefits package was previously more extensive and would attract employees when compensation was lower; however, the benefits package has been reduced over the years, making it difficult to retain employees when pay and benefits are higher elsewhere
- Benefits have historically differentiated OMES from competitors, but the scaling back of benefits means that the state must compete on salary alone
- Other agencies across the Oklahoma government are also competitors for talent
- There is a desire to be positioned in the 50th to 75th percentile compared to market rates
 - Lack of pay for performance system inhibits the ability to influence and reward high performance



Interview findings



Areas of priority for increases

- Licensed professionals (nurses, medical staff, engineers, CPAs)
- Highly skilled professionals (technical staff)
- Front line staff (counselors, case managers, child welfare specialists)
- Duplicative jobs across agencies



Considerations when implementing the results of this work

- Stakeholders feel that there is a lack of consistency across the state agencies, resulting in scenarios where employees with the same job titles and responsibilities are being compensated differently across agencies
 - Establishing internal equity across the state through a compensation structure can improve retention and reduce the pay related interagency competition for talent
- There is a high degree of interest in being able to pay for performance
 - Providing incentives (higher salary, bonuses, etc.) for higher performers can help retain skilled employees



Interview findings



Future state aspirations

Several future state outcomes were identified, and include:

- Attract and retain a staff of experienced and skilled professionals
- Become competitive with both public and private sectors
- Consistently and equitably set pay for jobs across agencies
- Increase transparency regarding pay and establish clear criteria for compensation decisions
- Establish a compensation system that is cohesive across agencies

