

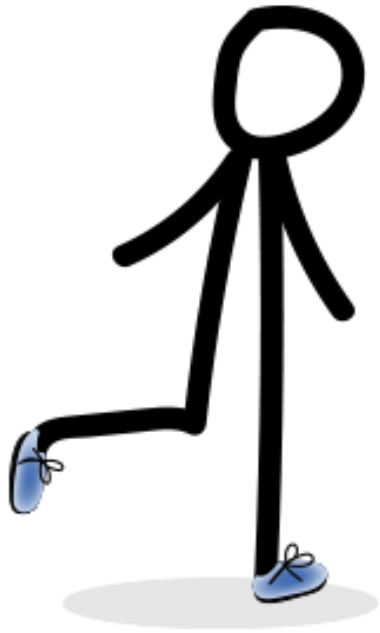
Hot Topics in Compensation



September 27, 2022

Nancy Kasmar, MS, SPHR, SHRM-SCP, CCP

15+ years HR and Compensation/30+ years Management



Nancy has worked with hundreds of organizations throughout North America as a compensation consultant. She speaks nationally on compensation, benefits, mentorship, and diversity.

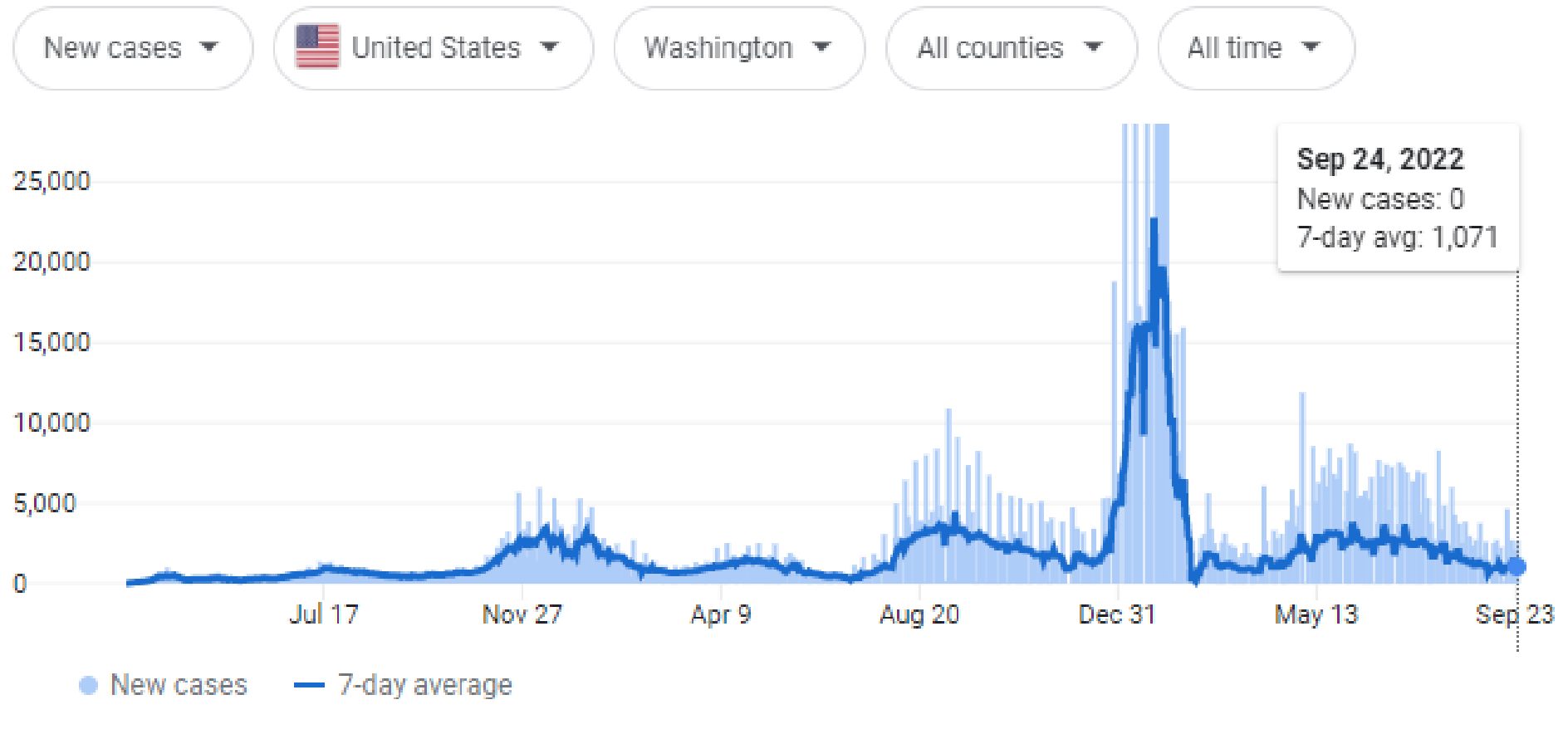
Nancy was the 2018 Director for Washington State SHRM and a past President of LWHRA. Her most recent volunteer role was 2021 Certification Director for Washington State SHRM.

Quick Poll...

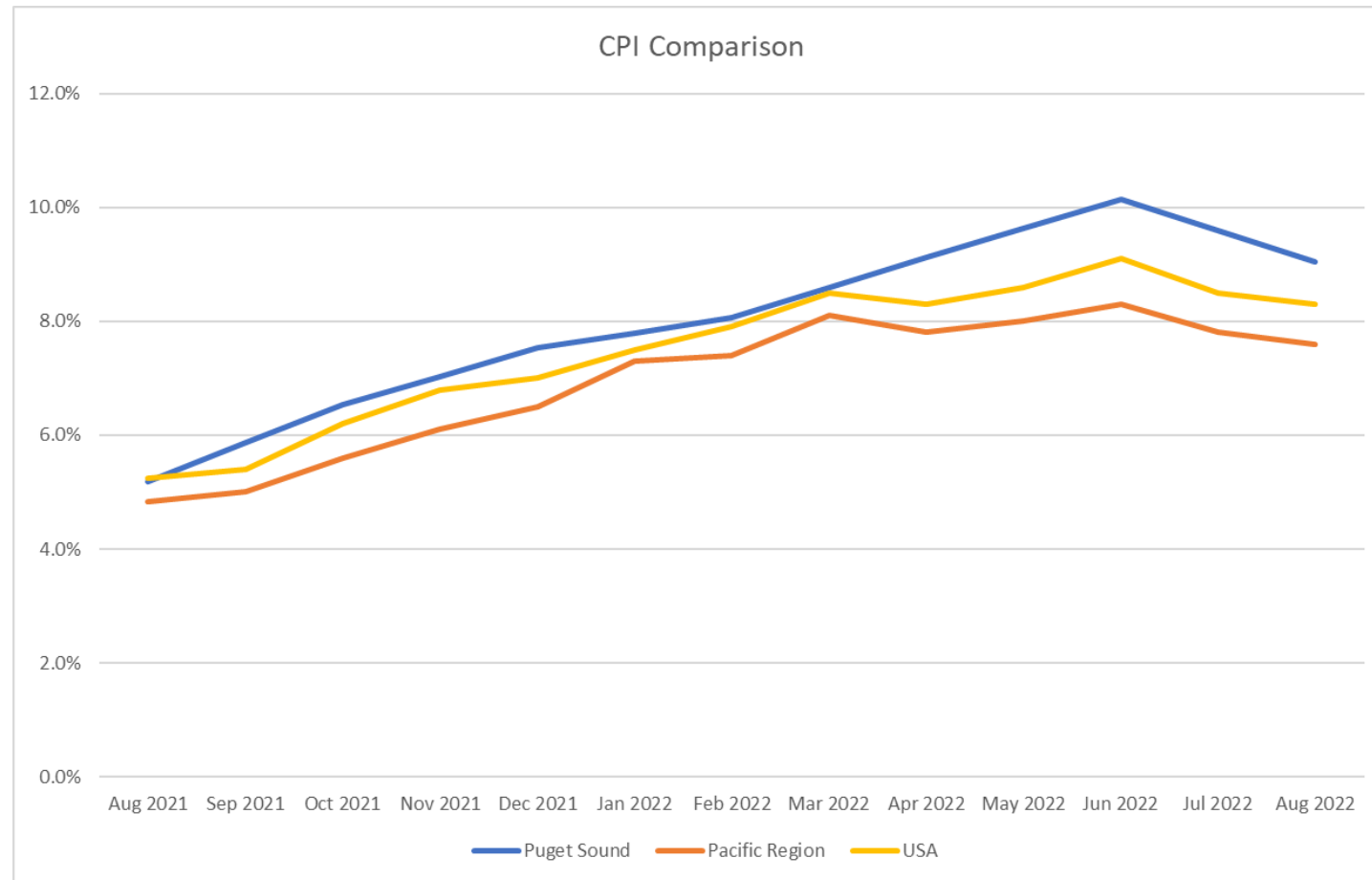
Poll:

1. Your turnover rate is still higher than usual
2. You're wondering how much to budget for salary increases in 2023
3. You are in the middle of updating your salary ranges
4. Your benefit renewal increased by more than 10%
5. All the above!

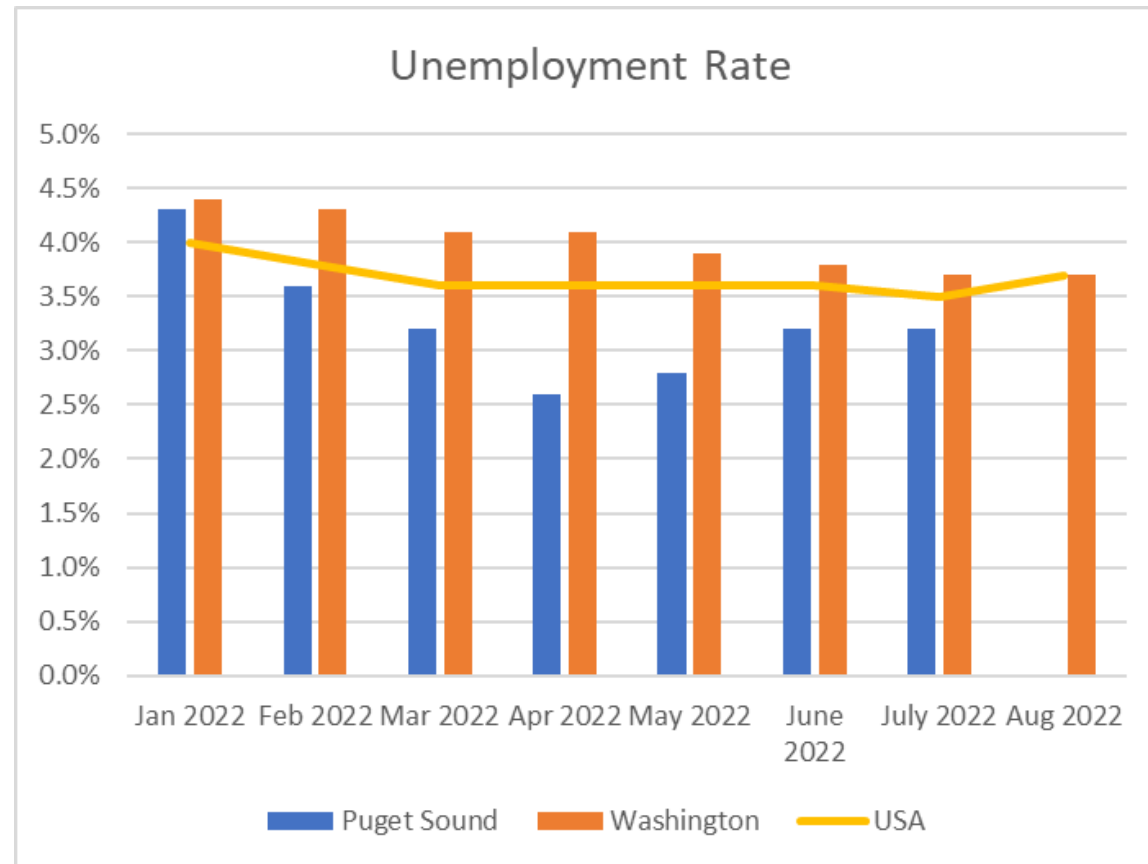
Covid



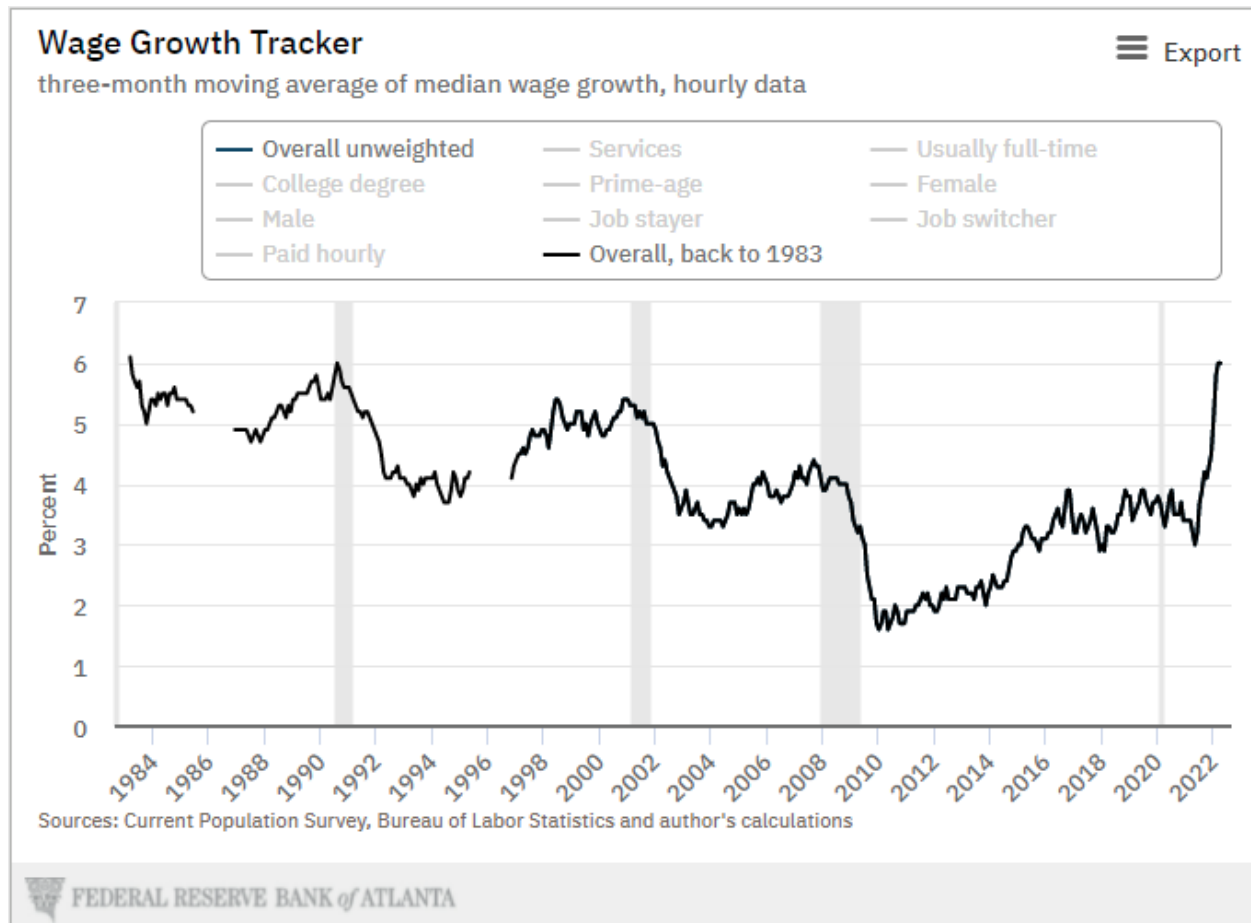
2022 Statistics



2022 Statistics



2022 Statistics



2022 Statistics

Living Wage Calculation for Spokane County, Washington

	1 ADULT			
	0 Children	1 Child	2 Children	3 Children
Living Wage	\$15.26	\$30.14	\$38.02	\$51.30
Poverty Wage	\$6.19	\$8.38	\$10.56	\$12.74
Minimum Wage	\$14.49	\$14.49	\$14.49	\$14.49

Economy: Recession or Soft Landing?

Jobs – added 315,000 jobs in August

Unemployment – 3.7%

Inflation – 9.0% CPI-U August 2022

Gas prices – below \$4/gallon

Consumer sentiment – recovering from record lows

Stock market – volatile after last Fed increase

State of the Global Workplace

Statistics are for United States and Canada

- 50% Daily stress a lot of the time
- 10% Treated with respect all day yesterday
- 33% Engaged at work
- 20% Likely to move in next 12 months
- 71% Good time to find a job

Remote Work Possibilities

Remote-first

- Robust Onboarding
- Regular Check-Ins
- Clear Communication Lines

Remote Friendly

- Remote Work Allowed
- Still Office-Based
- Onboarding Same As In-Office Employees

Remote Work / Geo Differentials

Remote Work Current State:

- 58% - work from home at least one day per week
- 35% - work from home 5 days a week
- 87% - take opportunity when offered

Geographic Differentials:

- Use Cost of Wages, not Cost of Living, to calculate
- ERI Geographic Assessor is an accurate tool
- Pay Geographic differential when higher than main location

Cost of Wages Example

Base City's Base Salary Level: \$50,000

	Base City: United States Average	Destination City: Spokane, Washington	Destination City as a percentage of Base City
Salary	50,000	51,476	103.0%
% of United States	100.0%	103.0%	
Cost of Living	50,000	51,583	103.2%
% of United States			
Areas Included	United States Average	Spokane, Washington	

Base City Currency: United States Dollars

Destination City Currency: United States Dollars

Current State: Compensation

- 4% salary increases predicted for 2022 (in October 2021)
- Wage growth 6.7% August 2021 to August 2022
- Q2 2022 = 1.3% wage increase
- Puget Sound August CPI-U = 9.0% annual increase
- Puget Sound August CPI-W = 9.2% annual increase
- August unemployment rate = 3.7%
- August job openings = 11.2 million
- July quits = 4.2 million

Magic Eight Ball Poll



Magic Eight Ball Poll:

2023 Washington State minimum wage increase:

1. 9.2%
2. 9.0%
3. 8.6%
4. 6.7%
5. Not sure

2023 Washington Minimum Wage

Starting in Sept. 2020, L&I will make a cost-of-living adjustment to the minimum wage based on the federal **Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W)**. This new minimum wage will be announced on Sept. 30, and take effect Jan 1, 2021, and yearly thereafter.

2023 Washington Minimum Wage

\$15.82

Predicted based on 9.2% increase in CPI-W

2023 Exempt Salary Threshold

2022 Salary Threshold (at \$14.49 minimum wage)

1 – 50 non-exempt employees = \$52,744

51+ non-exempt employees = \$52,744

2023 Salary Threshold (at \$15.82 minimum wage)

1 – 50 non-exempt employees = \$57,585

51+ non-exempt employees = \$65,812

Compensation Recommendations

- Plan for 6% salary increase budgets for 2023
- Implement policy on hiring bonuses (if not already)
- “Remote-first” policy when possible
- Geo differentials when higher than headquarters location
- Update/create salary ranges for all jobs

SHRM 2022 Benefits Survey

- Top-ranked: health-related benefits (88%)
- Retirement savings and planning (82%)
- Leave benefits (82%)
- 63% organizations offering hybrid work opportunities

2022 Global Benefits Attitude Survey

- Depression rate tripled during the pandemic
- Increased focus on benefits with the Great Resignation
- 2022 Global Benefits Attitude Survey
 - Retirement benefit – add or increase employer contribution
 - Health care plan – increase employer contribution
 - Dental benefits – add or increase employer contribution
 - Health screenings – add or increase employer contribution
 - Mental health services add or increase employer contribution
- Expected *in addition to* pay increases

Benefits Recommendations

- Ask employees about their priorities
- Keep/increase employer contributions
- Emphasize vacation/PTO use
- Review/update paid holidays
- Check for changes related to Dobbs decision



One More Thing...

WA Equal Pay and Opportunity Act

- Signed by Governor Jay Inslee on March 30, 2022
- Effective date: **January 1, 2023**
- Requires all employers with 15 or more employees to disclose the wage scale or salary in every job posting
- Requires a description of benefits and other compensation
- Purpose: level the playing field for candidates and decrease inequitable pay gaps over time

Job Posting as Defined in ESSB 5761

ESSB 5761 defines the term “posting” as any solicitation intended to recruit job applicants for a specific available position, including recruitment done directly by an employer or indirectly through a third party, and includes any postings done electronically, or with a printed hard copy, that includes qualifications for desired applicants.



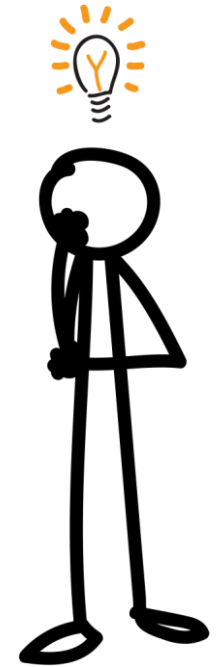
Administrative Policy Development

- Employment Standards will develop an administrative policy to provide additional guidance on what employers are required to disclose in job postings
- Employment Standards is soliciting questions from stakeholders and the public to identify what guidance and interpretation is necessary
- Employment Standards will solicit feedback as the draft administrative policy is being developed
- When draft administrative policy is ready for stakeholder review, it will be posted on L&I's engagement site for feedback
- Current posting date planned for October 16th

WA Equal Pay and Opportunity Act

Questions:

1. What about employers outside Washington State?
2. How much of the pay range must be posted?
3. Can it be any salary amount?
4. What if my competitor posts a higher salary for the same job?
5. Your question here...

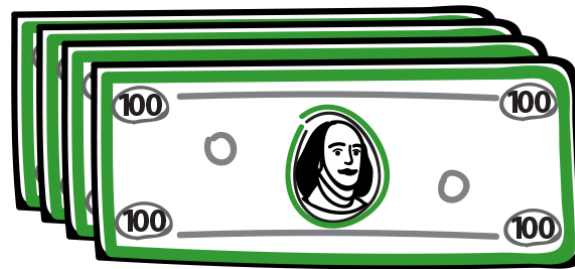


EPOA Employer Resources

- **RCW 49.58:** www.Leg.wa.gov - Search for “RCW 49.58”
- **L&I website:** www.Lni.wa.gov/EqualPay
- **Common questions:** <https://lni.wa.gov/workers-rights/wages/equal-pay-opportunities-act/equal-pay-and-opportunities-act-qa>
- **Fact sheet:** <https://lni.wa.gov/forms-publications/f700-201-909.pdf>
- **Employee rights poster:** <https://lni.wa.gov/forms-publications/F700-214-000.pdf>
- **EPOA employer resources:** <https://lni.wa.gov/workers-rights/wages/equal-pay-opportunities-act/>
- **EPOA Employer’s Guide:** <https://lni.wa.gov/forms-publications/F700-125-000.pdf>
- **Equal pay calculation tool:** <https://lni.wa.gov/workers-rights/docs/FY21-175-Equal-Pay-Calculation-Tool-Instructions.pdf>

Compliance Recommendations

- Update job descriptions with required experience
- Update existing ranges or research new ranges
- Post salary ranges: minimum to maximum of base pay range
- Keep track of new hire pay vs. employees in that job
- Review pay ranges after first 6 months



Get Ready for 2023

- Do your research
- Create a plan
- Get executive buy-in
- Create talking points
- Train managers and supervisors
- Contact L&I with questions



Thank You!

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