North Carolina
Department of Health and Human Services
2007 Annual Compensation Report
(Workforce Report)

July 2008

This Report Highlights:

- Division Mission & Goals
- Employee Demographics
- Turnover & Retention Data
- Market Salary Data
- Economic Conditions

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2007 DHHS Compensation Report (Workforce Report)
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Division Mission & Goals

Mission: The Division of Human Resources (DHR) aspires to deliver superior human resource services that enhance the ability of DHHS offices and divisions to meet programmatic and operational challenges.

Vision: In the arena of human services, DHHS will be the employer of choice for those who aspire to serve in state government.

Current Environment

In support of its mission, DHR maintains staff throughout the divisions who serve as management consultants and employee advocates. DHR services over 19,000 employees and managers of the 14 divisions/offices and 18 institutions that comprise the Department of Health and Human Services through the broad functional areas of Classification and Pay, Employee and Management Development, Employee Relations, Employee Safety and Health, Recruitment Services, and Work/Life and Benefits Services.

DHR personnel are located within divisions or are shared by divisions and support offices, but formal reporting lines are centralized to individuals within the Division of Human Resources in the Secretary's Office. Department activities are controlled by the Teacher Tenure Act and the State Personnel Act and are overseen by the Office of State Personnel (OSP) for State Personnel Act matters. DHHS HR has autonomy for most day-to-day operations, but at certain times OSP approval is required before hiring, classification or pay decisions can be approved.

Human Resources exists in a world that constantly shifts emphasis from a centralized control authority to a decentralized business partner to an independent employee advocate. Balancing these roles is challenging but is essential to the success of the organization.

Key Operational Issues

The complexity of laws and regulations governing human resources makes it very difficult to implement creative solutions to the myriad of HR issues. HR operates under a bewildering array of federal and state laws, regulations, and policies that are often contradictory or duplicative. Compliance often results in a high administrative burden and confusion within the workforce. For example, most changes to the State Personnel Act (SPA) have been incremental without consideration of policy conflicts.

Demand and supply of certain occupational groups, such as nursing, and increasing licensing requirements for some professional jobs usually reduces the labor supply, increase wages and make recruitment more difficult. Other economic factors include DOL projections that health care, medical care, allied health and IT are projected to be high growth occupations, all of which have a direct effect on DHHS employment. Recruitment of key positions is further affected by the lack of funding for competitive compensation programs and department-wide recruitment.

DHHS HR is using career banding concepts on a limited basis to evaluate performance management, merit-based employment, delegation of authority and career development. A change in emphasis in the roles of the classification analysts to compensation/workforce planning and organizational development is planned for the central office.

Implementation of BEACON in 2008 signals a new opportunity for HR to participate more fully as a partner in strategic planning. BEACON's improved HRIS technology is a key to helping HR become more consultative and less transactional by redirecting resources to organizational planning and workforce development. Moving to a more consultative role is further enabled by HRIS providing a mechanism for employees to manage HR information. In addition, substantial numbers of DHHS employees have internet or intranet access, permitting more educational offerings to be developed as web-based classes. Human Resources has numerous technology needs that go beyond functionality provided by a robust HRIS. Examples include requirements to track and analyze over 98,000 job applicants per year; increase employee computer access through kiosks and mobile/hand held devices; and implement other technologies that will enable HR to adopt a service/consultative orientation.

BEACON Update (May 2008): Although just implemented April 1, 2008, indications by HHS HR core users is that BEACON (or SAP) has increased transactional work (entering and modifying employee and position data) due to the increased amount of employee data being entered into the system and the complexities of how position (SAP Organizational Management, or OM) and employee (SAP Personnel Administration, or PA) is configured. While functionality may increase over time with additional SAP Business Intelligence reports coupled with SAS data mining software, the system is not intuitive to users. Over time, efficiency by HHS HR core users will increase although there is clear indication that transactional time to conduct work will increase from 25% to 75%. For example, new hires required 2 to 4 screens to be completed in PMIS. SAP requires 26 to 28 screens to be completed.

A pre-BEACON implementation survey of HR benefits administration staff has been conducted to measure time spent in certain benefit areas. A follow up survey on this and other functional HR areas is planned in 9 to 12 months. Best Shared Services (BSS)

is working to resolve several "ticket" items related to payroll (i.e., shift premium, extended duty, work schedule rules, immediate payout of overtime, timekeeping, etc.). BEACON's full impact on HHS HR operations is not known as this time as many HR core users are learning the nuances of the system and certain SAP functionalities are still being resolved by BSS; therefore, the ability for HR to move toward more consultative work will be hampered until all transactional, procedural and policy issues affected by BEACON are resolved.

Key Indicators for Success
(Status of Past Key Indicators)

1. **Attract and retain high performers**

   A. Increase the number of qualified/highly qualified applicants by five percent per year for the next three years

   Results: Qualified and highly qualified applicants increased from 12.71 applications received per job posting in 2005 to 13.12 applications received per job posting for an overall increase of 7.89% for the period. Total qualified and highly qualified applications from 2005 to 2007 increased by 2.9%, or 57,639. 96,285 total applications were received in 2007. Reduced number of qualified and highly qualified applicants in medical, allied health and direct care human services jobs continues to be a pattern in the foreseeable future based on US Department of Labor projections.

   B. Reduce voluntary turnover by three percent over the next three years

   Results: Voluntary turnover from 2005 (10.33% for all HHS job classes) to 2007 (9.45% for all HHS job classes) decreased by 8.52%. More aggressive pay actions (i.e., class range revisions) to increase the market position for allied health, medical and other occupations coupled with significant funding of salary actions ($21.1M from 2003-2006, not including promotional increases) may have kept turnover stable; however, more aggressive non-compensable strategies need to be developed for future retention.

2. **Maintain market competitiveness of jobs**
   DHHS pay levels will be at or above the median pay derived from competitive wage surveys.

   (See measure number 5 in Performance Measure Table on page 6.)

3. **Enhance and maintain effective employee-employer relations and quality of work life**
   Conduct regular employee opinion surveys and implement formal response mechanisms throughout the Department

   (See measure number 4 in Performance Measure Table on page 6.)

4. **Provide for a safe and healthy work environment**

   (See measure number 6 in Performance Measure Table on page 6.)

Performance Measure	2006 Status	2007 Status	Warning Indicator	2007 Score	
1. 80% of new hires to HHS are still employed after one year of initial employment. *PMIS*	64%	75%	70%		Yellow
2. Vacant positions are filled within 45 days from the closing date of the vacancy announcement (Continuously recruited jobs are not included due to inability to efficiently access data). *HR ATS*	63 days	72 days	55 days		Red
3. HHS employment reflects or exceeds *US EEO Aggregate NC Statistical Data* for EEO Official-Administrator and Professional occupational categories. *US EEOC and PMIS* Females in Professional Jobs Minorities in Professional Jobs Females in Official and Administrator Jobs Minorities in Official and Administrator Jobs	 75.3% 30.7% 53.7% 18.8%	 73.6% 28.0% 58.8% 13.2%	 44.3% 17.6% 33.4% 13.9%		Green
4. 95% of formal grievances filed at Step 3 are either found in HHS' favor or are mutually settled by the grievant and Department.	96%	96.5%	90%		Green
5. Benchmark allied health, medical direct care human services job classifications used for salary surveys (reference annual DHHS HR Compensation Report) are within 5% of the market average based on industry surveys. *HR CC* Results: a) Professional allied health, medical and direct care human services occupations. b) Technician and Assistant medical, allied health and human services occupations.	(2.1%)	(4.71 %) 8.88%	(10%)		Green
6. Workplace accidents for schools, MR/DD/NMT centers and psychiatric hospitals are not more than one standard deviation from their prior five-year average. Schools 135-197 Green 198-260 Yellow MR/DD/NMT 1782-2012 Green 2013-2242 Yellow Psychiatric Hospitals 2909-3278 Green 3279-3647 Yellow		New Data	New Data	N/A	

DHHS Compensation Report
Executive Summary

Background

- Information in this report is based on 2007 data except for projections.

- This is the fifth consecutive annual compensation report produced by DHHS - Human Resources.

- Over the past five years, DHHS-HR has placed an emphasis on gathering and tracking employee salary data in order to improve our salaries and decrease turnover.

- DHHS has a widely diverse workforce in many lines of business which requires continual tracking with the markets in which we compete for talent.

- A market approach to pay requires an analysis of market conditions related to recruitment and retention of staff on a regular basis.

- Implementation of BEACON in 2008 signals a new opportunity for HR to participate more fully as a partner in strategic planning. BEACON's improved HRIS technology is a key to helping HR become more consultative and less transactional by redirecting resources to organizational planning and workforce development. Moving to a more consultative role is further enabled by HRIS providing a mechanism for employees to manage HR information. In addition, substantial numbers of DHHS employees have internet or intranet access, permitting more educational offerings to be developed as web-based classes. Human Resources has numerous technology needs that go beyond functionality provided by a robust HRIS. Examples include requirements to track and analyze over 98,000 job applicants per year; increase employee computer access through kiosks and mobile/hand held devices; and implement other technologies that will enable HR to adopt a service/consultative orientation.

- In addition, the Office of State Personnel, in partnership with SAS, unveiled NC Works, a tool that will allow managers to predict their workforce planning needs.

Career banding, a market approach to classification and pay, has been implemented in three areas – Law Enforcement, Information Technology and Social Research. In 2007, 19 banded jobs experienced a range increase.

Workforce Highlights

- The Department of Health and Human Services employs 17,178 permanent full-time employees which represents approximately 19% of the state's overall workforce of 91,108. There are also 463 part-time employees at DHHS (384 permanent; 74 probationary; 4 time-limited and 1 trainee).

- Approximately 5%, 909 employees, of the DHHS workforce are within 5 years of retirement.

Turnover and Retention

- DHHS processes more than 96,400 applications per year.

- On average, DHHS takes 138 days to fill a vacated position (from the date position is vacated to the date filled). This represents a 23% increase over 2006.

- There has been an increase of 8.7% in the total number of Exit Interview Surveys completed in 2007 compared to 2006.

- The Recruitment Services Section partnered with the Division of Information Resource Management (DIRM) to improve data tracking and reporting features of the Applicant Tracking System and the Exit Interview Survey Program.

- DHHS employee total turnover for 2007 at 14%, remained the same as 2006.

- Voluntary separations in DHHS, during the first five years of service, showed a 10% reduction in 2007 (49% of all separations) when compared to 2006 (59% of all separations).

- Turnover is continually analyzed along with market pay data to make recommendations to the Office of State Personnel. Based on market analysis, the following classifications received salary adjustments in 2007:
    - Certificate of Need Project Analyst
    - Dental Hygienist I and II
    - Public Health Disease Control Specialist I, II and Supervisor
    - Radiologic Technologist (formerly X-Ray Technician II) and Radiologic Supervisor (formerly X-Ray Supervisor I and II)
    - Regional Psychiatric Hospital Director

Economic Outlook

- Like the nation, North Carolina's economy posted a slower performance in 2007 compared to 2006.

- North Carolina's unemployment level was 4.9% at the end of 2007 up slightly from the 4.5% rate of 2006.

- Inflation (Consumer Price Index) was projected nationally at 3.5% at the end of 2007 compared to 3.2% at the end of 2006.

- Market survey data indicates that employers will be implementing on average a 3.8% salary increase for 2008.

Salary Data

- Total 2007 payroll for DHHS was $753,016,209.

- Approximately 1.5% or $11,292,590 was spent on employee increases in 2007.

- The average DHHS employee salary in 2007 was $40,213, a 5% increase over 2006. This is a significant improvement since the cost of living adjustment pay increase was 4.1%, showing a gain of almost 1%.

- DHHS received $5,741,482 from the governor's salary adjustment fund for 2007 which funded SMR's, range revisions and reallocations.

- A 4% legislative increase was awarded for 2007/08 which was approximately a 1.5% decrease from 2006/07. Cumulatively, over the past five years, the Consumer Price Index has increased 17% while North Carolina state employee pay has increased 14%, effectively creating a -3% gap in employee "buying power".

- New classes and pay ranges for positions subject to 115-C legislation, and based on the North Carolina Public Schools Salary Schedules, were incorporated into the 2007 State of North Carolina School Educator Salary Schedule on 4/15/2007.

- Market salary data indicates the following jobs to be vulnerable with regard to pay and will undergo a thorough market analysis in 2008:

    - Clinical Dietitian
    - Rehabilitation Counselor (On-Going)

- Speech & Language Pathologist
- Audiologist
- Physical Therapy Assistant
- Occupational Therapy Assistant
- Cytotechnologist
- Therapeutic Recreation Specialist
- Substance Abuse Counselor

Human Resources Commitment

- The Division of Human Resources is committed to collecting and analyzing important information (e.g., market data, exit interview data) to proactively address human resource issues so that services in the agency promote the attraction and retention of applicants and staff.

- DHHS will continue to provide resources to special statewide initiatives such as the new HR/Payroll system and career banding.

Introduction & Background

Purpose

The purpose of this report is to convey trends, key findings, and salary data derived from surveys and reports which are used to determine if the salaries of DHHS employees are competitive in the labor market - both public and private.

History

In the early 1990's, the State of North Carolina developed and implemented a Comprehensive Compensation System (CCS) to ensure a systematic approach for employees to move through the salary range for their particular job classification to avoid pay stagnation. Such programs as Cost of Living Adjustments (COLA), Career Growth Recognition Awards (CGRA), and Performance Bonuses were the primary tools used to award pay increases to staff. More information about the CCS can be found on the Office of State Personnel's website at:
http://www.osp.state.nc.us/CompWebSite/Compensation_Web_Site.html

Since the mid 1990s, the state has not been able to actually implement many components of the CCS. For that reason, the salaries of state employees have fallen behind other employers. As we attempt to attract, motivate and retain employees, DHHS pays close attention to the salaries of its employees. In many cases, DHHS competes for scarce talent, especially in the medical and technical categories, and it is critical to keep salaries competitive with the market in order to attract new talent and retain existing talent.

In 2007, the annual cost of living pay increase for state employees was 4% which was a 1.5% decrease from 2006. Pay increases prior to 2006 were typically below the national average, and were many times less than 2%. In past years, the pay for state employees did not keep pace with the local market. While certainly the boost of 5.5% in 2006 and 4% in 2007 were extremely helpful and appreciated, it still did not make up for the many years prior where increases were significantly behind other employers.

Career Banding, the competency based broadbanding system, was implemented in three areas: Information Technology, Law Enforcement, and Social Research. The legislature has requested a study of career banding before any other employee groups are "banded". Results from the study will determine if the broadbanding approach will continue in North Carolina State Government.

HR Commitment

DHHS-HR continues to take a proactive approach to compensation by examining which classifications are vulnerable in the market. A list of benchmark jobs, Appendix A, is constantly maintained to track key classifications where deficiencies in the market cause significant difficulties in the recruitment and retention of employees. By closely examining the market position of pay programs and trends, recommendations are made to the Office of State Personnel to increase the rates of critical classifications.

The new BEACON system will be a valuable tool in allowing information to be collected and analyzed. From that data, decisions can be made in how DHHS will position itself in the market with respect to it's market position and how it competes for employees.

Other report components include DHHS workforce highlights, the state's economic outlook, salary data and HR's future commitment regarding workforce availability and compensation.

DHHS Workforce Highlights

Workforce Demographics

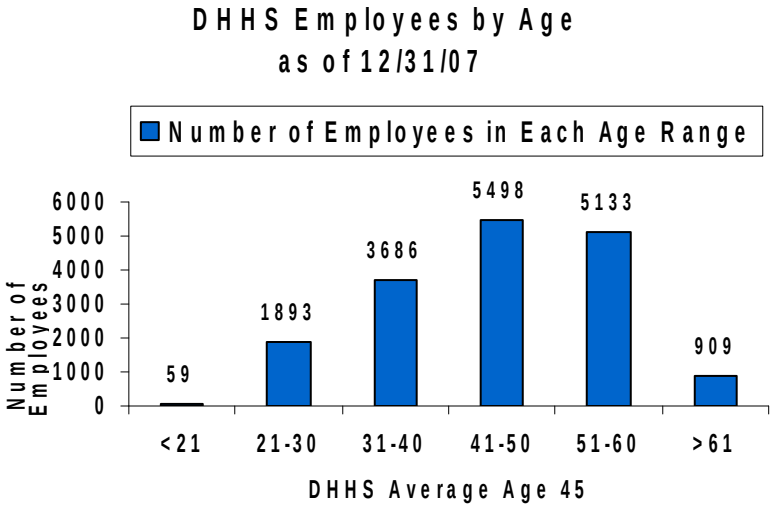
The Department of Health and Human Services employs 17,178 permanent full-time employees which represents approximately 19% of the state's overall workforce of 91,108. DHHS is the second largest agency in state government, with the Department of Correction being the largest. The charts on the following pages show the breakdown of DHHS employees by age, total state service, average months of service, education level, race and sex, grade level and salary. All charts exclude employees in the following categories: leave without pay (LWOP), temporaries, retirees, and students. These charts are effective December 31, 2007 from PMIS data.

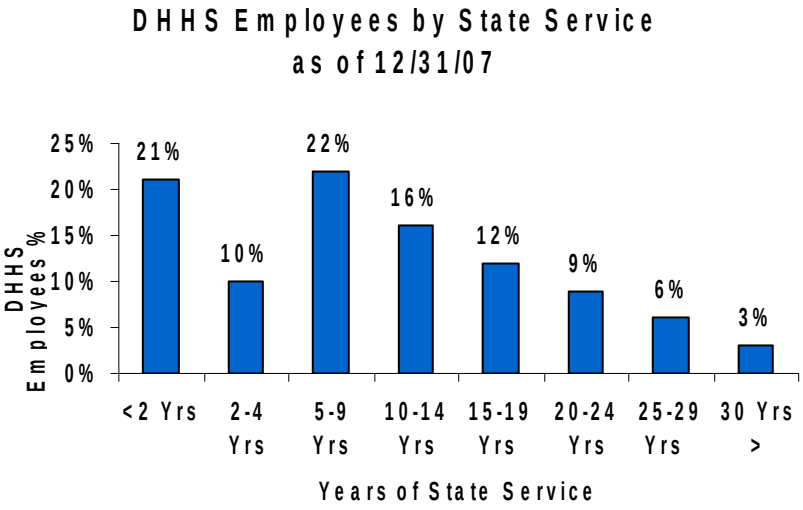
The data is summarized below:

- 67% of the DHHS workforce is over the age of 40, with an overall average age of 45 years
- Approximately 909 employees (5%) are within five years of retirement
- The average employee has approximately 11 years of service
- 36% of the workforce possess a bachelor's degree or higher
- 73% of the DHHS workforce is female and 27% is male
- The DHHS workforce is 56.66% White; 40.74% Black; 1.28% Asian; 0.84% Hispanic; and 0.48% Indian
- The average salary grade is 64

- The average salary of the DHHS employee is $40,213, an approximate 5.2% increase over 2006 (Page 25)

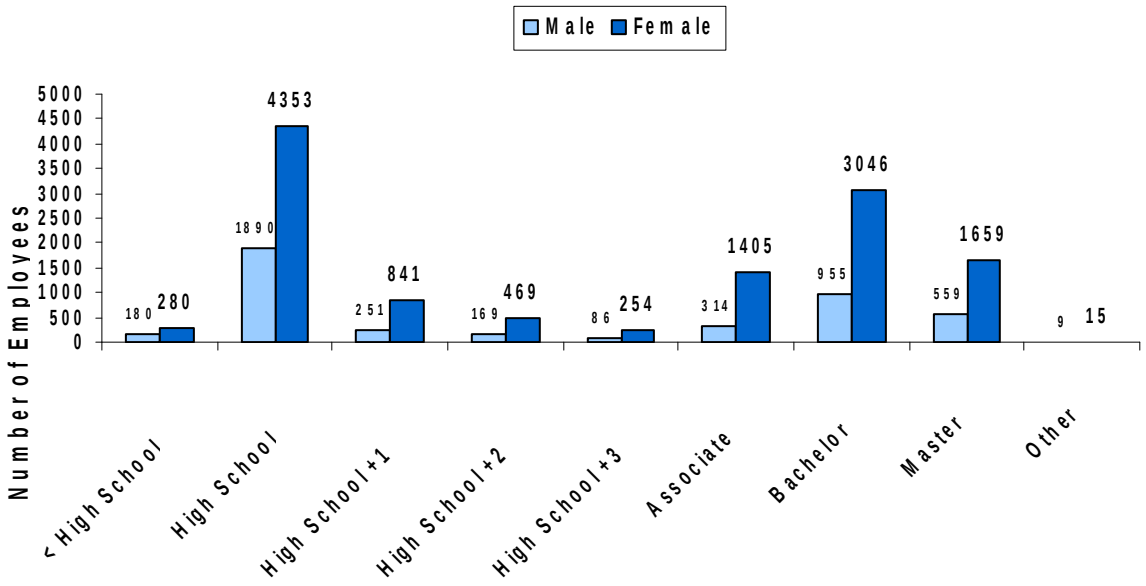
See the following charts for a visual representation of this data.





Average Service 11 Years -Permanent Full-Time Employees Only- PMIS

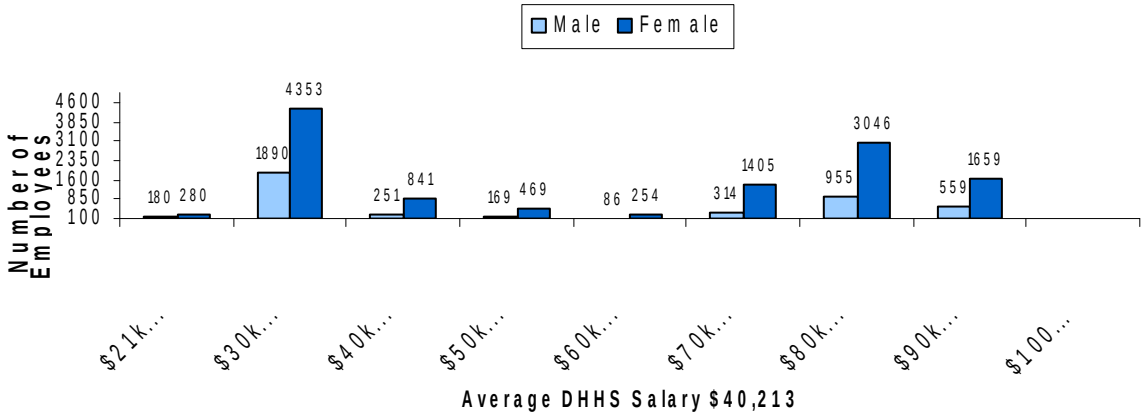
DHHS Employees by Selected Education Levels
As of 12/31/07



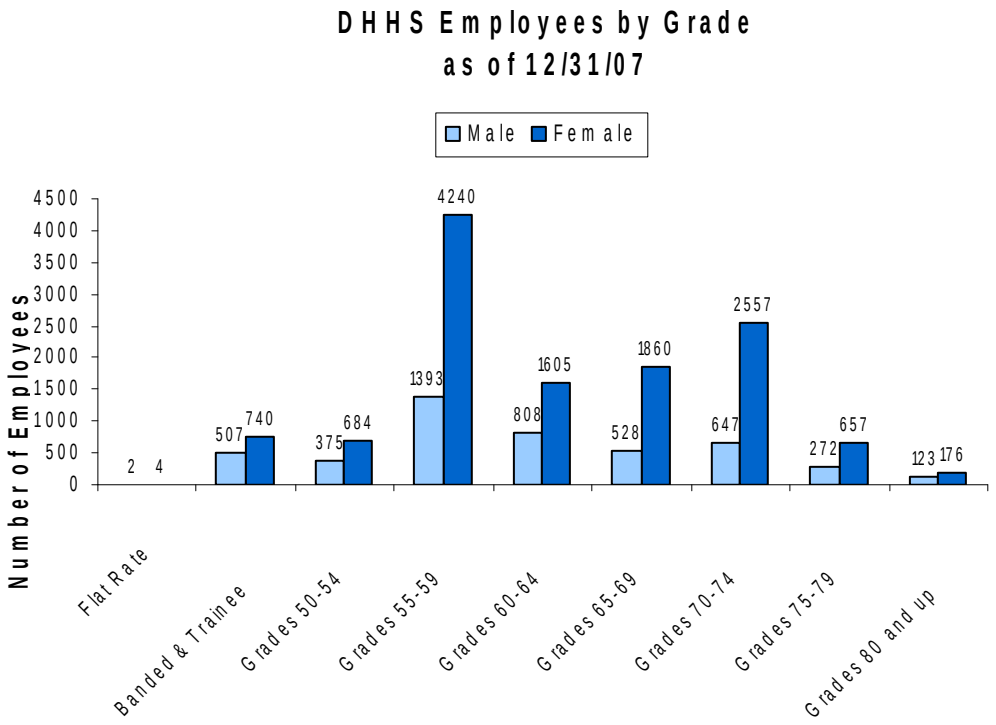
Other includes Phd, Dentist, Medical Doctor, Lawyer and miscellaneous other

(Permanent Full-Time Employees Only PMIS)

DHHS Employees by Gender and Salary
as of 12/31/07



(Permanent Full-Time Employees Only PMIS)



(Permanent Full Time Employees Only PMIS)

<u>Turnover and Retention</u>

HR places a significant emphasis on the retention of existing staff. The applicant tracking and exit interview on-line tools assist in analyzing the success of our recruitment and retention programs.

Applicant Tracking & Exit Interview Data:

The Applicant Tracking System (ATS) was designed to efficiently manage applicant tracking for all DHHS positions. Data entered into the ATS database has provided the following information:

- DHHS processes approximately 96,400 applications per year.
- Approximately 27% of all applications received do not meet minimum qualifications.
- On average, DHHS takes 138 days to fill a vacated position (from the time position is vacated to date filled).

- The average recruitment period is 89 days (from the date position was posted to date filled).

- Average HR evaluation and screening process is 6 days.

- Our management selection process takes approximately 35 days (from the date applications are sent to the hiring manager to the date returned to HR with a selection recommendation.)

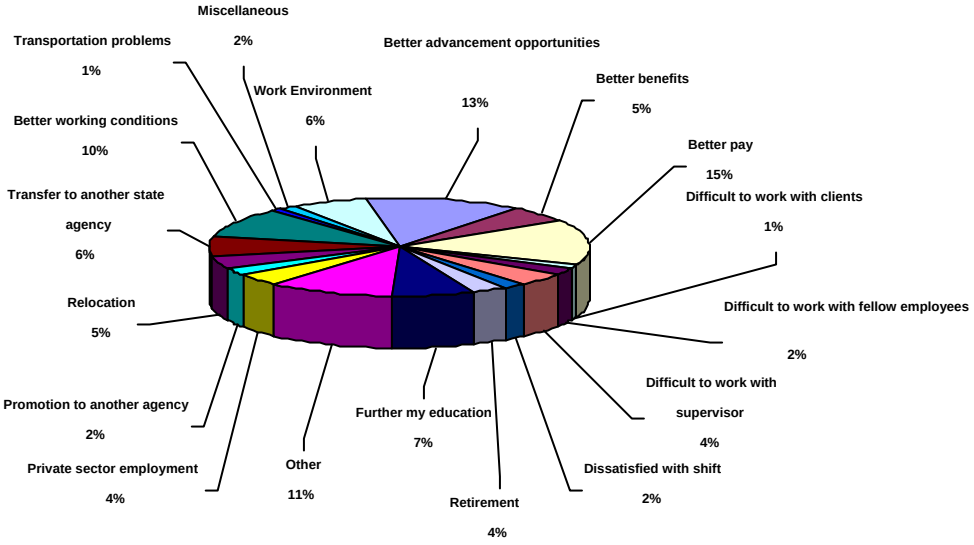
Input into the Exit Interview Survey (EIS) Program reflects the following top reasons employees left DHHS in 2007:

1) Better pay (15%)
2) Better advancement opportunities (13%)
3) Other -non-specified (11%)
4) Better working conditions (10%)

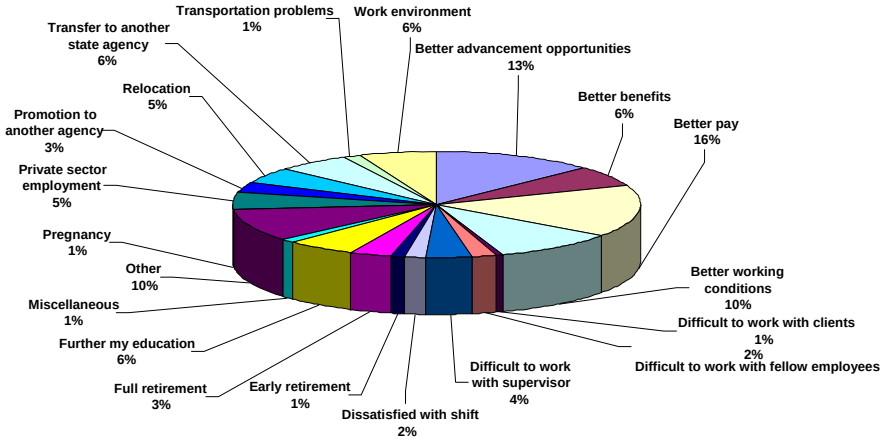
The charts on the following page show the breakdown of specific responses.

Reasons for Leaving DHHS During 2007
762 Exit Interview Surveys Completed

Miscellaneous category sub-factors include: 1) Unavailable Child care, 2) Unavailable Elder Care, and 3) Marriage



Reasons for Leaving DHHS During 2006
701 Exit Interview Surveys Completed



Miscellaneous category sub-factors include: 1) Unavailable Child care, 2) Marriage and long-term disability

In year 2007, both positive and negative trends were noted using ATS and Exit Interview program data:

- Overall recruitment processing timelines have increased and selection decisions are taking longer.

- The average time to screen applications has increased by 1 day, from 5 days in 2006 to 6 days in 2007.

- The average time for hiring managers to make a selection decision has increased by 6 days, from 29 in year 2006 to 35 days in 2007.

- There has been an 8.7% increase in the total number of Exit Interview Surveys completed in 2007 as compared to 2006.

ATS and EIS Program Enhancements:

The Recruitment Services Section, of the Human Resources Division, continued their efforts to improve ATS and Exit Interview data tracking methods and evaluation tools. ATS reports were expanded to track referral sources of applicants. An "Inter-department Exit Interview" survey tool was introduced, enabling managers to evaluate reasons for internal transfers within the Department. Additionally, the exit interview survey questionnaire was updated to gain more insights into why employees ***begin*** to consider seeking other employment.

Benefits

Effective January 1, 2008, NC Flex pre-tax dental plans will be administered by United Concordia, a national dental insurer with more than 35 years of dental experience. The maximum yearly benefit has been increased from $1,000 to $1,250 and appointments may be scheduled twice per year instead of every six months.

Beginning April 1, 2008, employees can enroll and make changes to NC Flex and State Health Insurance Plans online through Employee Self Service in BEACON

During this year's annual health insurance enrollment, members were given the choice of three Preferred Provider Organization (PPO) plan options as the Indemnity Plan will no longer be offered effective July 1, 2008. Those who have not made a selection will be automatically moved to the PPO Standard Plan.

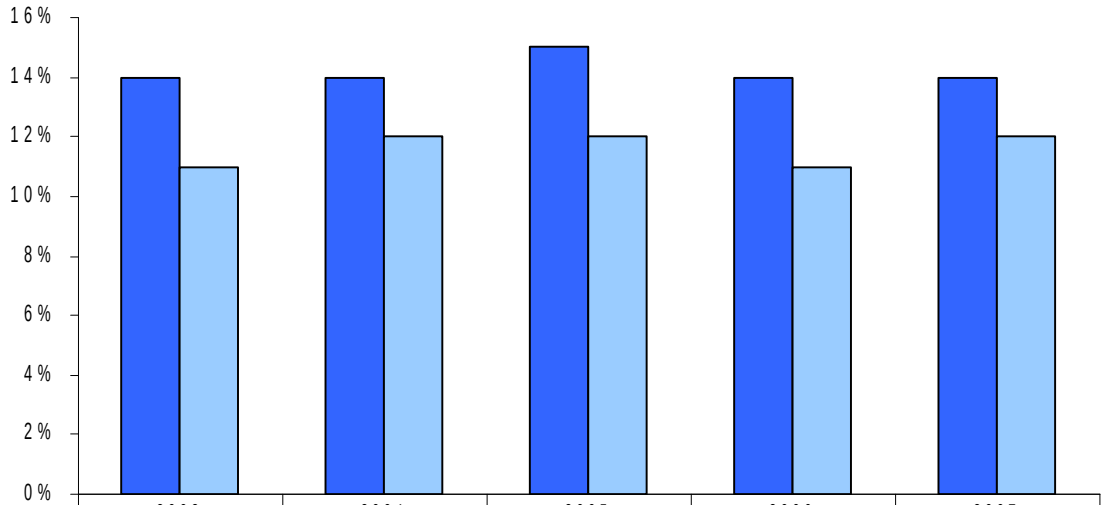
On the horizon for January 1, 2009, the benefits package is being expanded to include the following options:

- NC Flex Critical Illness Insurance will be offered which provides for a lump sum payment to help cover out-of-pocket expenses such as mortgage payments, prescription drugs, rehabilitation and child care for covered conditions meeting specified requirements.
- A new premium option for the NC Flex Cancer Insurance providing more choice and coverage.
- An 8% reduction in monthly rate for NC Flex Group Life Insurance

Turnover Analysis

Turnover is tracked in a variety of ways and when supplemented with market pay data and actual recruitment scenarios, it can yield an overall picture of what a classification may be experiencing relative to the market. Analyzing turnover, both voluntary and involuntary within a classification, is a useful tool and can be an indicator of potential internal or external issues. Involuntary turnover occurs when employees vacate their position due to retirement, termination, etc. Voluntary turnover occurs when an employee chooses to leave state government altogether, usually to accept a position in the private sector or for personal reasons.

Turnover can sometimes indicate market problems, especially when a large number of staff in a particular job classification leave at an unusually high rate. The turnover chart below shows a five-year history of the overall DHHS total turnover rate as compared to the state total turnover rate.

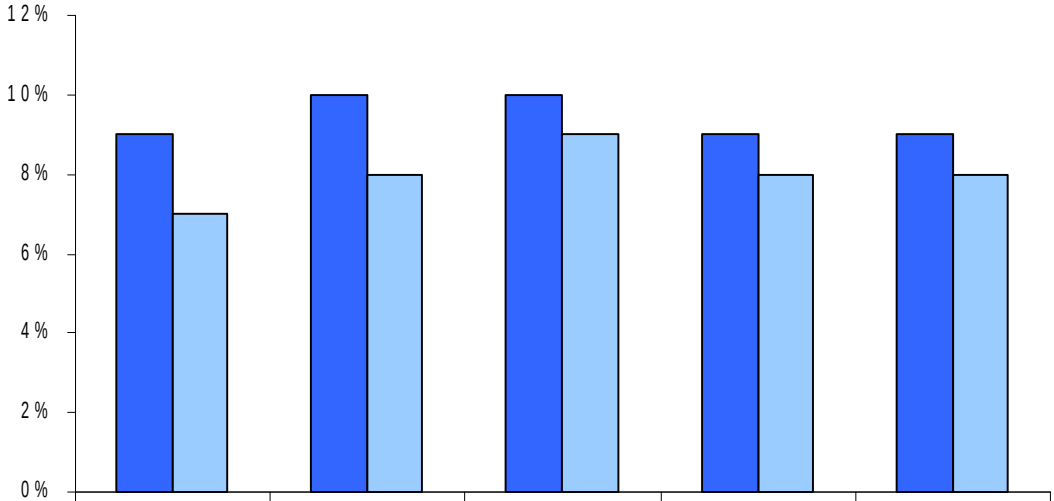


	2003	2004	2005	2006	2007
DHHS Total %	14%	14%	15%	14%	14%
State Total %	11%	12%	12%	11%	12%

Source: PMIS

This data shows the DHHS total turnover rate has remained consistent at 14% over the past two years after experiencing a 15% rate in 2005. DHHS total turnover is now 2 percentage points higher than the state average. The total State average turnover rose 1% from 2006. These figures include employee separations for all categories (retirement, termination, etc.)

DHHS Annual Voluntary Turnover Report



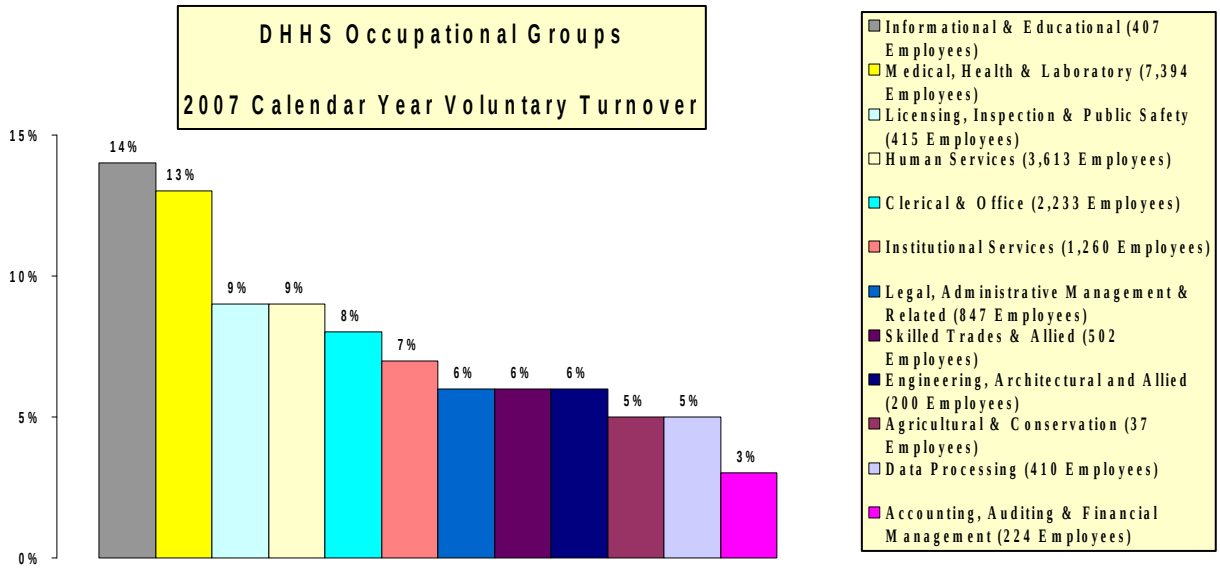
	2003	2004	2005	2006	2007
DHHS Voluntary %	9%	10%	10%	9%	9%
State Voluntary %	7%	8%	9%	8%	8%

Source: PMIS

The voluntary (employees leaving state government willingly) turnover figures shown above for DHHS and State employees reflect the same percentages experienced in 2006 (9% for DHHS and 8% for State employees).

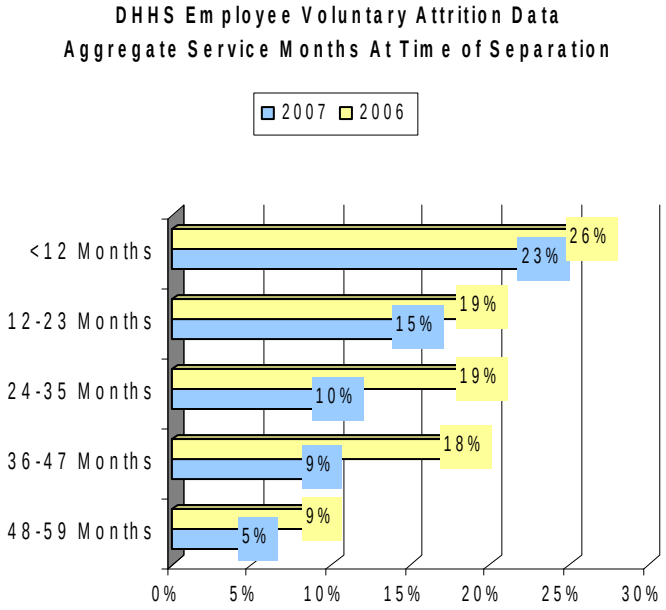
When higher than average turnover rates begin to appear in a particular classification, other relevant data is also examined to determine what steps need to occur to reduce the turnover and stabilize that particular employee group. For example, at the end of the calendar and fiscal year, a "25/12" report is produced which shows turnover figures for classifications with more than 25 employees with a voluntary turnover rate of 12% or more. Further steps are taken to prioritize the list and begin collecting additional data in order to address turnover trends.

Turnover Within Occupational Groups:



Legend: Occupational Groups listed in descending turnover order
Data Source: PMIS

Turnover Attrition Data



Source: PMIS
*49% of all 2007 voluntary separations displayed-Includes only permanent full-time and part-time SPA/EPA positions and/or employees – retirements, dismissals, deaths and LWOP's are not included

- Forty-nine per cent of voluntary separations for 2007 involved employees that had less than 5 years of service (down 10% from 2006).

- The majority (23%) of voluntary separations in 2007 involved employees that had accumulated eleven months or less of aggregate service (down 3% from 2006).

- HR is looking into strategies to address the high number of voluntary separations within the first year of employment. Some strategies include:

    - Pilot the use of *Targeted Selection*, a proprietary product from Development Dimensions International which uses a behavioral approach to job interviewing.

    - Improve the quality of hiring pools through improved recruitment methods.

Turnover Costs:

There were 1,667 DHHS voluntary separations in 2007. Based on the Department of Labor formula for costing out turnover, one-third of the employee's salary, the DHHS turnover costs for 2007 were determined to be $22,345,023. With a focus on retention, the cost of turnover can be reduced. For example, if turnover is decreased by 1% next year, the cost savings would amount to approximately $227,873.

Economic Outlook

Like the nation, North Carolina's economy posted a slower performance in 2007 compared to 2006. According to the NC State Economist, real personal income, retail sales, payroll, employment, and public (General Fund) revenue all increased at more modest rates during the year. The year-end unemployment rate, however, did hold steady. The reduction in manufacturing employment indicates the state's economic transformation, from an economy based on traditional industries like tobacco, textiles, and furniture, to a new economy centered on professional and financial services, technology, and health care, is not yet complete.

The state's unemployment rate stood at 4.9% at the end of 2007 as well as 2006, and it is expected to increase to 5% in 2008. The national unemployment rate at the end of 2007 stood at 4.6% compared to 4.5% in 2006.

The Consumer Price Index (CPI) measures changes in the cost of goods and services, otherwise known as inflation. By the end of 2007, the CPI national average was 3.5% (up .3% from 2006), and it is expected to decrease to 3.1% in 2008.

Even with adequate water, the North Carolina economy is on track to grow more modestly in 2008, with further losses in manufacturing employment and a rise in the unemployment rate.

Each year several sources produce national salary surveys used to estimate employee pay raises for the following year. These salary projections can give an overall picture of how salary structures/budgets will move each year. Four of these sources are cited below.

SOURCE	PROJECTED INCREASE FOR 2008
Mercer	3.8%
Conference Board	3.8%
Hewitt	3.8%
WorldatWork	3.9%
Average	3.8%

Overall, U.S. workers can expect a 3.8% pay raise in 2008. This figure is slightly higher than the projected increases from last year.

While the forecast for pay increases stands at 3.8%, the modest growth predictions coupled with other economic factors including a rise in the unemployment rate, it is conceivable that the state may provide an increase below what is projected in the local market. For many occupations, that amount will place DHHS salaries behind the market.

Salary Data

DHHS Payroll Information

The following section summarizes salary dollars spent within the agency and outlines how DHHS employee pay compares to the market in which it competes, whether at the local, state or national level.

Each year, DHHS spends millions of dollars on employee salary actions. The total payroll for DHHS for 2007 was approximately $753,016,209. The chart below shows how much money was spent in DHHS over the past four years by type of salary action.

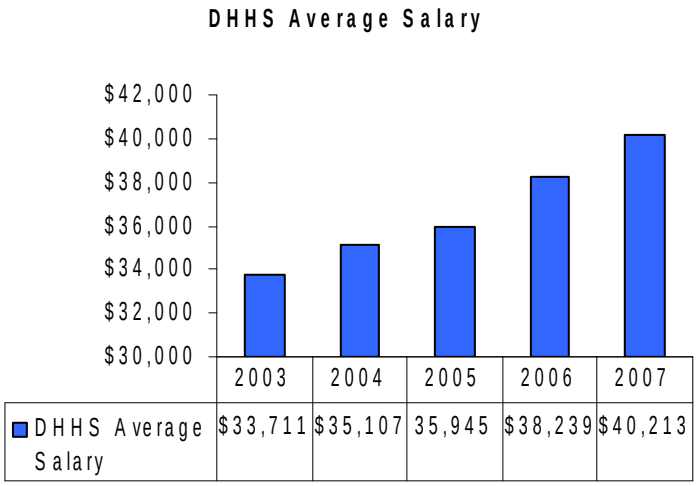
Type of Action	2004	2005	2006	2007
Promotions	$3,413,846	$3,663,417	$3,385,917	$3,564,308
Promo Increase after Effective Date	$90,239	$58,154	$61,451	$46,755
Range Revision – Employee	$256,449	$222,487	$48,099	$37, 290
Range Revision Increase after Effective Date	$37,817	$202,935	$244,751	$1,382,475
Reallocation Up-Employee	$1,311,596	$1,355,546	$1,007,664	$1,035,070
Reallocation Increase	$970,524	$257,410	$263,555	$228,237
Special Entry Rate Incr.	$1,551,615	$1,813,995	$1,734,279	$6,869,340
In-Range Adjustments	$2,380,637	$1,196.010	$1,668,315	$1,335,120
Sal Adjustment – Retention	$59,123	$64,743	$38,328	
Sal Adjustment – Trainee	$170,724	$143,966	$91,687	$219,151
Sal Adjustment – Other	$275,295	$753,279	$102,245	$93,263
Sal Adjustment – Equity		$152,000	$155,017	$129,934
Totals	**$10,517,865**	**$8,689,128**	**$8,801,308**	**$11,292,590**

Source: PMIS

This data indicates that DHHS spent approximately 1.5% of its total payroll on salary actions in 2007, a .2% increase over last year.

The Salary Adjustment Fund provides the opportunity for DHHS to solicit funds to provide salary increases to staff where regular budget funds are not available. In 2007, DHHS received $5,741,482 from the fund which was used to fund salary increases for administrative support positions, and a variety of other medical and technical positions. This fund helps place our average salaries in a more competitive position and can improve retention in hard to recruit areas.

Because of the emphasis on a more competitive approach to pay, the average salary in DHHS increased 5% in 2007 which is 1% below the 6% growth in 2006. The following chart shows a five-year history of the average salary in DHHS.



Source: PMIS

Benchmark Jobs

The chart in Appendix A lists those jobs within DHHS that have been identified as a "benchmark." Benchmark jobs are those that are easily tracked in the market based on the standard nature of the job, jobs that are heavily populated within DHHS, and those that are market sensitive.

The intent of the compensation program within DHHS – HR is to regularly track the market for these benchmark jobs in order to avoid loss of staff due to market conditions. Paying employees a competitive wage can improve retention. According to the Department of Labor, employee turnover cost equals one third of the employee's salary; therefore, losing staff to other employers is costly to the agency. Implementing retention strategies (e.g., employee recognition, non-monetary rewards) should be a major focus for managers and a smart, cost-effective goal for the agency. Many retention surveys list salary as a lower priority for staff, behind other factors such as relationship with supervisor and lack of challenge in the work. Building strong communication between the supervisor and employee can go a long way in retaining employees within the agency.

Market salary data is collected from a variety of sources and then analyzed to compare the average salaries of DHHS employees to the average salaries of employees in a particular market region. The salary surveys are combined to produce an average market rate which is compared to DHHS salaries. The benchmark list that follows represents approximately 50% of the total DHHS employee population. Each job classification listed on Appendix A shows the number of staff, and other relevant market factors for that classification.

Sources of the published market salary data collected include:

- **AFT Public Employees 2007 Compensation Survey –** Survey of professional, scientific and related occupations in State government for 45 job titles

- **CompAnalyst –** Web-based compensation tool from Salary.com with data on over 3200 benchmark jobs in 243 geographic areas

- Hospital and Healthcare Compensation Service **– Physician Salary Survey Report 2008 –** Includes data from 334 facilities reporting on more than 24,202 physicians

- Hospital and Healthcare Compensation Service **– Hospital Salary and Benefits Report 2007-2008 –** Includes data from 381 hospitals

- Mercer Human Resource Consulting **– 2007 US Mercer Benchmark – Metropolitan Benchmark Positions –** Includes data on 350 positions reported by 2,354 organizations

- **Southeastern States Salary Survey 2007 -** salary data gathered from state government surveys from fourteen southeastern states (Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, Missouri, North Carolina, Oklahoma, South Carolina, Tennessee, Virginia and West Virginia)

- **Watson Wyatt 2007/08 Survey Report on Hospital and Healthcare Professionals, Nursing and Allied Services Personnel Compensation –** Includes 1,301 organizations reporting on 756,761 incumbents

- **Watson Wyatt 2007/08 Survey Report of Hospital and Healthcare Management –** Includes 936 organizations reporting data on 70,107 incumbents in hospital positions other than nursing and allied service

By analyzing this information, the compensation staff can consult with management on salary priorities for the coming year. If a particular classification is experiencing high turnover, difficulties recruiting, and a significant variance in pay relative to the market, that classification can be targeted for a detailed market analysis. That specific market analysis can yield a recommendation for pay increases to staff using a variety of methods. Various tools such as Special Entry Rates, In-Range Salary Adjustments, and Geographic Differentials can provide short term relief for these types of problems, and a more long term approach (Range Revision) can be recommended to the Office of State Personnel.

Based on the analysis of information, the following benchmark jobs have been identified for further market analysis in 2008:

- Clinical Dietitian
- Rehabilitation Counselor (On-Going)
- X-Ray Technician
- Speech & Language Pathologist
- Audiologist
- Physical Therapy Assistant
- Occupational Therapy Assistant
- Cytotechnologist
- Physician

The Human Resources office will continue to work closely with management to identify jobs that need to be reviewed.

History of Legislative Increases for NC State Employees 1992 - 2007

Year	Cost-of-Living Increase	Career Growth Increase	Bonus Increase
1992	**$522**	**0**	**0**
1993	**2%**	**0**	**1% bonus**
1994	**4%**	**0**	**1% bonus**
1995	**2%**	**0**	**0**
1996	**2.5%**	**2%**	**0**
1997	**2%**	**2%**	**0**
1998	**1%**	**2%**	**1% performance bonus**
1999	**1%**	**2%**	**$125 performance bonus**
2000	**2.2%**	**2%**	**$500 bonus**
2001	**$625**	**0**	**0**
2002	**0**	**0**	**10 days leave**
2003	**0**	**0**	**$500 bonus plus 10 days leave**
2004	**2.5% for salaries over $40K; 0r $1,000/yr for salaries under 40K**	**0**	**0**
2005	**2% increase for salaries over $42,500; 0r $850 year for salaries under $42,500**	**0**	**5 days leave**
2006	**5.5%**	**0**	**0**
2007	**4%**	**0**	**0**

2007 Pay Improvements:

DHHS presents information to the Office of State Personnel when a pay improvement is needed in a particular area. Other state agencies may also benefit from improved pay approvals when they have employees in the approved class. Classes populated by DHHS employees that have been approved by OSP for a pay improvement in 2007 are listed below:

- ***Range Revisions***

CLASSIFICATION	#DHHS EMPS	DHHS VOLUNTARY TURNOVER RATE 12/31/07	OSP ACTION TAKEN IN 2007
Certificate of Need Project Analyst	10	10%	Two-Grade Range Revision 6/1/07
Dental Hygienist I	7	0%	Two-Grade Range Revision 9/30/07
Dental Hygienist II	56	0%	Two-Grade Range Revision 9/30/07
Public Health Disease Control Specialist I	24	14%	Two-Grade Range Revision 2/1/07
Public Health Disease Control Specialist II	8	0%	Two-Grade Range Revision 2/1/07
Public Health Disease Control Supervisor	5	0%	Two-Grade Range Revision 2/1/07
Radiologic Technologist (formerly X-Ray Technician II)	13	7%	Three-Grade Range Revision 9/30/07
Radiologic Technology Supervisor (formerly X-Ray Supervisor I & II)	3	-	Re-aligned to Grade 73
Regional Psychiatric Hospital Director	4	25%	One-Grade Range Revision 9/30/07

Psychiatrists received range revision funding effective 1/1/08.

- ***Physician/Dentists***

The Office of State Personnel conducted a review of labor market data related to Physicians and Dentists and a salary proposal submitted by DHHS in 2007. Based on their analysis, the Office of State Personnel incorporated a technical adjustment to the

Physician Salary Schedule which was renamed the Medical Salary Schedule. With this change one grade (0) is added to the bottom of the salary schedule and three grades to the top (16-18). It now includes Dentists and in the future may include other professional medical classifications. This change allows OSP to maintain the relationships of these classifications and react to the dynamic labor market changes that are found in this occupational group. The separate salary schedule for this occupation is consistent with practices in the labor market.

- ***Banded Classes***

The following banded classes experienced range increases in 2007:

Attorney
B & T Applications Technician
B & T Applications Analyst
B & T Specialist
Information Technology Executive
Information Technology Manager
Information Technology Director
Networking Technician
Networking Analyst
Networking Specialist
Operations & Systems Technician
Operations & Systems Analyst
Operations & Systems Specialist
Public Safety Officer
Public Safety Supervisor
Social/Clinical Research Assistant
Social/Clinical Research Specialist
Social/Clinical Research Manager
Social/Clinical Research Executive

Future Commitments

Based on the information contained in this report, the Central Office of Human Resources commits to the following:

Recruitment & Retention of Staff

- Continue to track local economic conditions that may impact recruitment and retention of staff.
- Consult with management on how to improve recruitment and retention.
- Design and implement agency-wide recruitment strategies to address present and future staffing shortages.
- Implement improved recruitment tracking systems to gather recruitment and retention information.
- Analyze how the DHHS benefits package can be used to attract candidates.
- Encourage the use of exit interviews to assist in understanding employee turnover
- Produce reports from the new BEACON system that will allow a more detailed and thorough review of employee turnover.

Compensation

- Invest more resources for purchasing salary surveys to assist in tracking labor market salary data.
- Continue to gather and analyze market data to determine which job classifications are vulnerable in the market.
- Continue to make recommendations to the Office of State Personnel in cases where DHHS is experiencing difficulty with retention of staff due to compensation.
- Analyze the impact of special salary increase programs to determine their affect on turnover.
- Continue the aggressive use of the salary adjustment fund to assist in funding salary increases for staff.

APPENDIX A

DHHS AT A GLANCE

Division Code	Division Name	Total Empls	Avg Salary	Avg Pay Grade	Avg Age	Avg Svc Mos	Total Pos	Total Vacs	Vacancy %	Voluntary T/O CY 2007	Total T/O CY 2007	Total Seps CY 2007	Seps Within First 12 Mos	First Year Attrition Rate (Total Seps)
44-01	ADATC Blk Mt.	159	$44,091	65	49	125	150	3	2%	13%	21%	29	3	10%
44-03	ADATC Gr	137	$44,140	66	44	94	177	11	6%	11%	16%	27	18	67%
44-04	Long Leaf Neuro	418	$33,807	61	44	99	404	28	7%	11%	15%	55	14	25%
44-06	Blk Mt Neuro	429	$32,203	61	44	95	442	18	4%	24%	34%	143	64	45%
44-10	Sec Office	728	$55,805	69	47	142	841	123	15%	6%	9%	64	10	16%
44-11	Aging	58	$53,265	71	50	188	61	4	7%	5%	5%	3	1	33%
44-20	DCD	283	$43,660	69	45	137	297	15	5%	6%	9%	24	5	21%
44-24	Western School	212	$34,007	59	46	149	202	16	8%	12%	16%	27	8	30%
44-25	Eastern School	189	$33,117	59	46	144	208	26	13%	9%	13%	23	3	13%
44-27	Morehead Sch	145	$35,756	59	48	166	152	20	13%	12%	14%	18	3	17%
44-31	Public Health	1,934	$47,838	69	45	133	2134	252	12%	8%	11%	203	33	16%
44-40	Social Svcs	691	$39,125	66	47	159	766	80	10%	9%	15%	101	10	10%
44-45	DMA	374	$54,404	70	49	145	411	36	9%	6%	10%	37	6	16%
44-50	Svcs Blind	275	$41,982	67	50	181	277	10	4%	7%	13%	34	10	29%
44-51	Svcs Deaf	66	$40,476	66	45	112	72	8	11%	8%	14%	9	2	22%
44-60	Mental Health	204	$59,986	72	49	160	225	21	9%	5%	10%	20	2	10%
44-62	Dix Hospital	1,003	$41,977	63	46	122	1114	122	11%	19%	26%	248	73	29%
44-63	Broughton	1,269	$36,988	62	43	120	1281	87	7%	9%	13%	158	27	17%
44-64	Cherry	1,091	$39,440	62	45	142	1158	92	8%	7%	12%	128	29	23%
44-65	JUH	1,296	$40,562	63	46	142	1257	101	8%	11%	17%	176	37	21%
44-66	JIRDC	971	$33,624	60	44	127	972	32	3%	9%	13%	121	29	24%
44-67	O'Berry Neuro	1,077	$32,607	61	44	133	1037	32	3%	7%	12%	114	28	25%
44-68	Murdoch	1,729	$32,605	60	43	127	1741	71	4%	12%	16%	252	69	27%
44-69	Caswell	1,643	$32,884	60	47	160	1604	55	3%	4%	9%	145	13	9%
44-70	Health Svc Reg.	471	$54,060	72	49	126	522	61	12%	7%	12%	55	13	24%
44-80	VR	1,002	$38,820	65	47	152	1060	84	8%	9%	13%	125	19	15%
44-81	DDS	498	$47,358	67	43	137	660	156	24%	12%	15%	77	9	12%
44-99	DHHS	18,807	$40,118	64	45	136	19,671	1,593	9%	9%	14%	2,453	541	22%

Data Effective December 2007

Turnover Data Includes Only Permanent Full-Time and Part-Time Employees. Retirements, Dismissals And Deaths Are Only Counted in Total Separations Column. Excludes LWOPs.

DHHS LABOR MARKET DATA SUMMARY
CALENDAR YEAR 2007 UPDATE

Benchmark Job	Schematic	Salary Grade	No. of Employees	Average Salary	Average Market	Labor Market Pay Gap	Vol TO Rate 12/07	Vacancy Rate12/07
Accountant II	00702	75	63	$55,854	$50,304	10%	0%	8%
Administrative Secretary III	00429	62	25	$38,526	$43,013	-12%	4%	8%
Audiologist	05106	73	12	$54,841	$63,674	-16%	0%	0%
B & T Appls Tech (Banded)	12233		19	$53,473	$60,270	-13%	0%	9%
Child Day Care Program Specialist*	04020	70	141				6%	4%
Child Support Agent II	04087	65	174	$32,821	$32,245	2%	13%	5%
Clinical Dietitian I	05254	68	33	$44,695	$46,462	-4%	15%	11%
Clinical Pharmacist	04928	84	60	$98,446	$94,956	4%	11%	5%
Clinical Social Worker	04164	72	114	$52,329	$48,832	7%	20%	11%
Cook II	06804	55	83	$24,998	$24,820	1%	11%	10%
Cytotechnologist I	04630	72	10	$50,285	$59,985	-19%	10%	7%
Dental Assistant	04849	59	17	$34,046	$32,082	6%	0%	0%
Dental Hygienist II	04874	72	56	$54,541	$56,052	-3%	0%	3%
Dentist II	04952	5	3	$116,482	$133,071	-14%	0%	0%
Developmental DisabilitiesSpecialist*	04044	66	1				0%	0%
Disability Determination Specialist I	00271	67	113	$38,742	$36,034	7%	20%	42%
Facility Architect II	08748	77	12	$74,031	$56,666	23%	8%	25%
Facility Survey Consultant I*	05691	73	203				12%	12%
Food Service Assistant II	06832	52	251	$24,160	$21,066	13%	3%	8%
Health Care Technician I	05391	58	3,597	$25,083	$22,091	9%	16%	6%
Housekeeper	06622	50	463	$22,884	$21,098	8%	7%	2%
Infection Control Nurse	05004	72	3	$57,808	$65,915	-14%	0%	0%
Licensed Practical Nurse	34921	66-T	341	$39,209	$36,768	6%	15%	5%
Maintenance Mechanic III	07304	63	59	$35,733	$37,218	-4%	0%	7%
Medical Laboratory Technician I	04685	62	5	$30,303	$37,489	-24%	20%	0%
Medical Laboratory Technologist II	04678	70	52	$45,543	$49,112	-8%	2%	10%
Mental Retardation Hab Coord II	04073	72	112	$47,044	$50,449	-7%	10%	2%
Nurse B	34899	74-T	493	$54,865	$57,322	-4%	15%	13%
Nurse (RN) Lead	34898	73-T	248	$52,225	$51,240	2%	16%	3%
Occupational Therapist I	05193	76	41	$60,058	$62,500	-4%	15%	24%
Occupational Therapy Assistant I	05191	64	9	$37,445	$42,767	-14%	11%	0%
Office Assistant IV	00404	59	330	$32,007	$33,488	-5%	7%	8%
Personnel Analyst I	01821	70	13	$50,915	$45,971	10%	0%	0%
Pharmacist	04920	82	5	$93,499	$99,500	-6%	0%	0%
Pharmacy Technician	04829	60	56	$30,026	$26,815	11%	8%	0%
Physical Therapist I	05183	76	6	$61,899	$66,545	-8%	17%	0%
Physical Therapist Assistant I	05181	64	9	$38,640	$44,545	-15%	11%	0%
Physician Extender II	04890	81	31	$78,446	$83,041	-6%	20%	14%
Physician III – A	04906	10	63	$149,203	$153,872	-3%	4%	5%
Physician III – B	04907	13	72	$171,132	$169,344	1%	10%	13%
Public Health Disease Control Spec I	05627	67	24	$34,128	$36,409	-7%	14%	29%
Public Health Physician II	04936	NG	5	$115,208	$122,073	-6%	25%	33%
Public Health Program Consultant I*	01632	70	37				11%	18%

DHHS LABOR MARKET DATA SUMMARY
CALENDAR YEAR 2007 UPDATE

Benchmark Job	Schematic	Salary Grade	No. of Employees	Average Salary	Average Market	Labor Market Pay Gap	Vol TO Rate 12/07	Vacancy Rate12/07
Public Safety Officer (Banded)	15830		33	$35,102	$38,531	-10%	16%	3%
Radiologic Technologist	04657	68	15	$41,601	$47,029	-13%	7%	0%
Rehabilitation Counselor I	04117	68	181	$38,638	$43,438	-12%	19%	13%
Rehab Engineer	08536	73	22	$54,013	$48,770	10%	5%	4%
Rehabilitation Therapist	05163	63	104	$32,125	$30,980	4%	16%	10%
Rehabilitation Therapy Technician	05153	58	66	$26,493	$23,318	12%	11%	14%
Senior Psychologist I	04555	78	50	$72,586	$78,937	-9%	4%	9%
Social Services Pgm Consultant II*	04036	71	55	$46,070	$51,718	-12%	6%	10%
Social Worker III	04033	69	109	$42,365	$46,258	-9%	3%	2%
Speech and Language Pathologist I	05103	73	55	$55,989	$61,314	-10%	19%	24%
Staff Psychologist II*	04553	73	87				15%	13%
Substance Abuse Counselor II	04058	66	15	$37,747	$43,547	-15%	6%	9%
Therapeutic Recreation Specialist I	05156	68	59	$36,409	$37,808	-4%	17%	13%
Vehicle Operator I	07102	53	15	$24,680	$21,456	13%	8%	8%
Youth Program Assistant I	33628	61-T	177	$28,721	$22,041	23%	13%	11%
			8,507				.	
* Insufficient market data								