

Preparing for a Compensation Study

2023 FSAWWA Fall Conference
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**WATER FINANCE
ASSISTANCE**

Water Finance Assistance

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Retention Motivators

The Basics

Benefits & Compensation

Work-Life Balance
Flexibility

Relationships

Leadership
Community
Participation

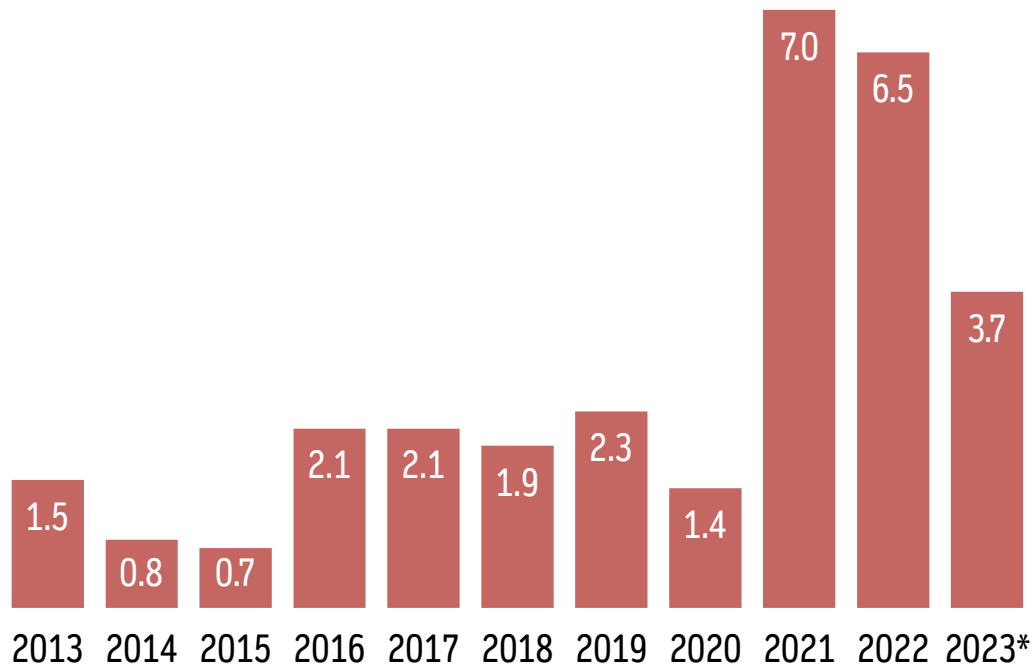
Career Path

Opportunity
Training & Development
Age & Tenure

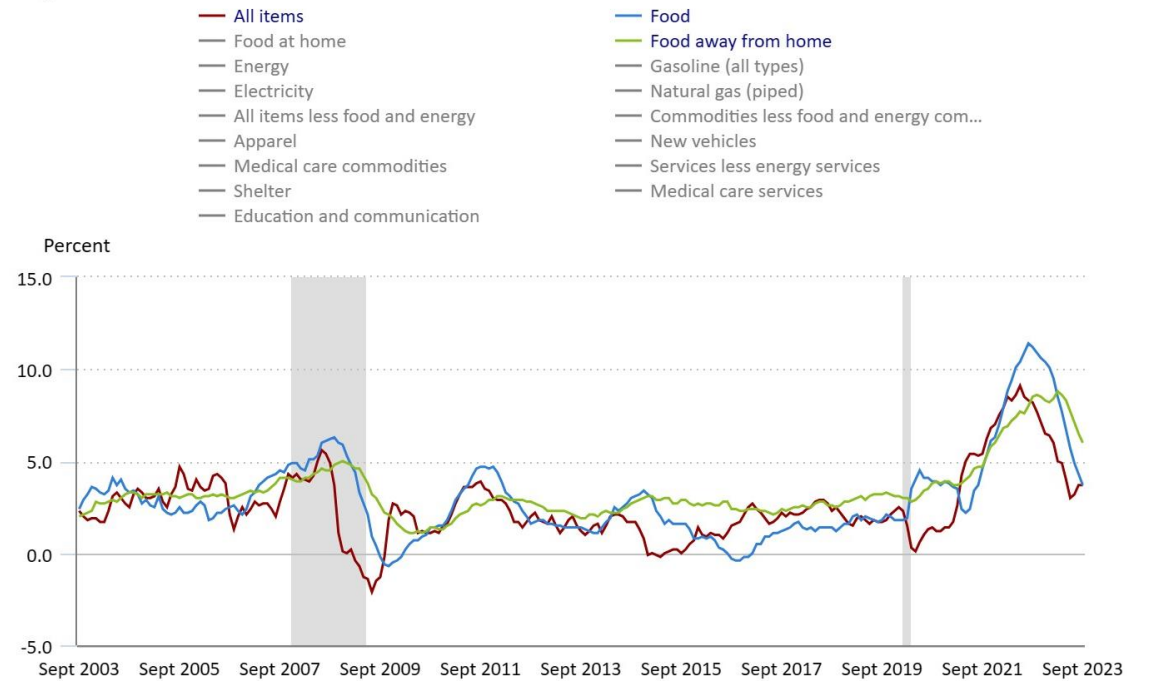


Inflation & Consumer Price Index

United States inflation rates have not returned to pre-COVID levels.



12-month percentage change, Consumer Price Index, selected categories, not seasonally adjusted



Source: U.S. Bureau of Labor Statistics.



Hiring A Consultant

- Compensation Studies should be conducted every 2 years
- Can cost tens of thousands of dollars (i.e. Average cost for a medium sized utility in Georgia is \$40,000)
- Depending on the utility size and complexity, may take several months up to a year to complete
- Neutral 3rd party perspective



How to Get The Biggest Bang For Your Buck

- 1 Understand your organization's compensation philosophy
- 2 Audit your compensation data
- 3 Know your resources



All utilities have a compensation philosophy, though sometimes it is **unintentional**.



Understanding Your Organization's Compensation Philosophy

How does your organization define its position for decisions around salary, variable compensation, equity, and benefits?

- Based on many factors including financial position, the size of the organization, the industry, business objectives, market salary information, and the level of difficulty in finding qualified talent
- Supports the strategic plan and initiatives, business goals, competitive outlook, operating objectives, and compensation and total reward strategies



Understanding Your Organization's Compensation Philosophy

A well-designed compensation philosophy should:

- Identify pay programs and total reward strategies
- Identify how the pay programs and strategies support the organization's business strategy, competitive outlook, operating objectives, and staffing needs
- Attract people to join the organization, retain key talent, motivate employees to perform, and reward high-performing employees
- Define how the organization plans to pay and reward competitively, based on business conditions, competition, and ability to pay



Audit Your Compensation Data

An effective compensation philosophy can determine the overall equity of a pay structure by:

- Analyzing the overall equity of the program
- Determining if the program is defensible and legally compliant
- Ensuring the program offers fair, competitive pay in line with the compensation philosophy and policies and is perceived as fair to staff members



Audit Your Compensation Data

Internal Equity

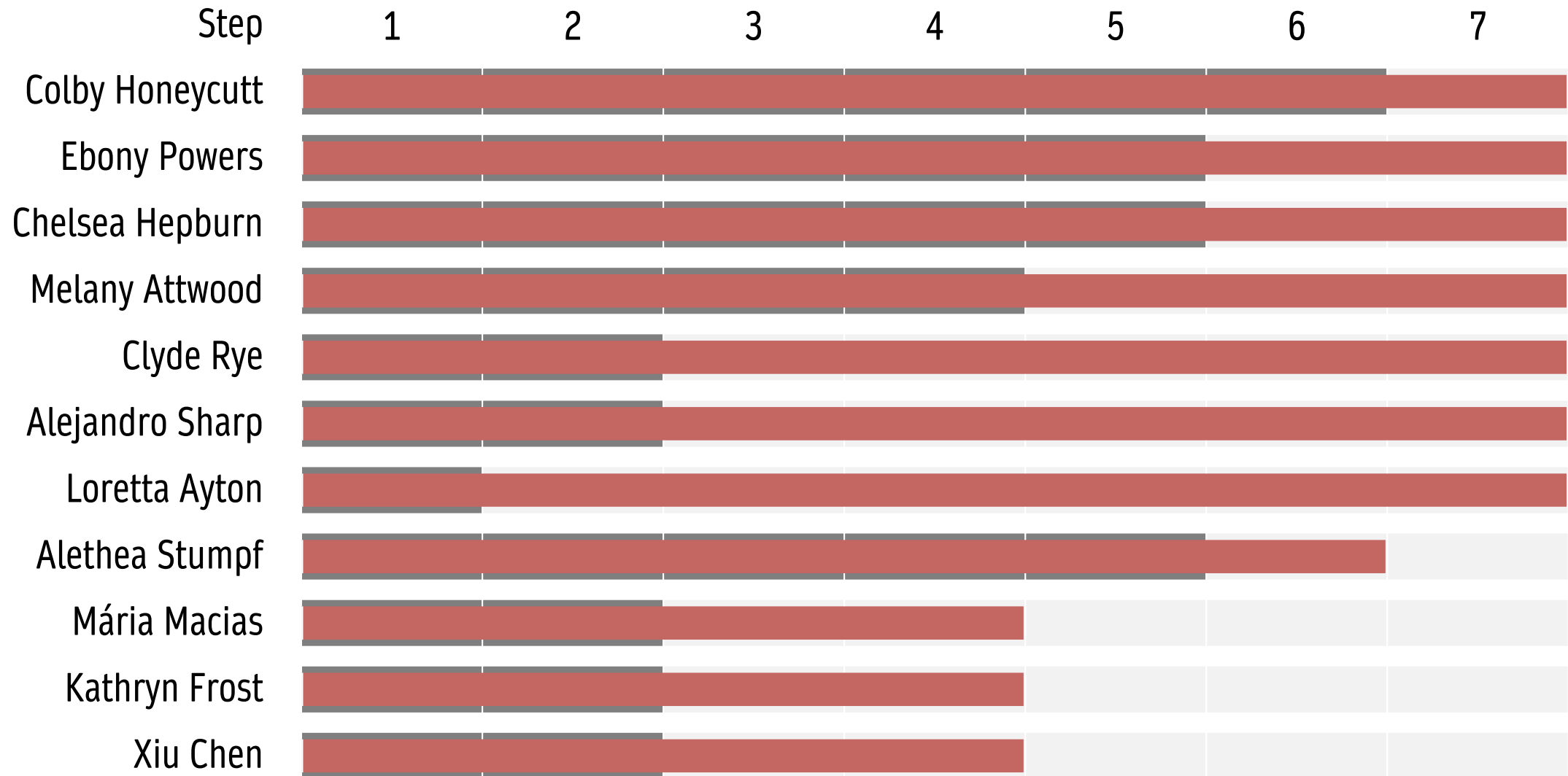
- Focuses on the company and compares employees to one another. An internal equity audit
- Provides a way to compare what the organization is currently paying each employee

Internal Audits

- Look at the role such as job title and description, the employee's experience, and all compensation including wages, benefits, bonuses
- Note any discrepancies in pay between similar positions
- Factors should be analyzed before any discrepancies are legitimized which may include education level, seniority, and location



Internal Audit



Know Your Resources

There are many compensation resources that are free or relatively inexpensive to purchase. These data resources can allow a utility a quick check of whether their salaries are in line with other utilities in their area.

Resources:

- Bureau of Labor Statistics
- Annual AWWA Salary Report
- Society of Human Resources Management
- Salary.com



Don't Forget To Ask Your Consultant

In Your Contract Include:

- Total Compensation Review- Including Salary & Benefits
- Comparisons of Minimum, Mid-Point, and Maximum Pay

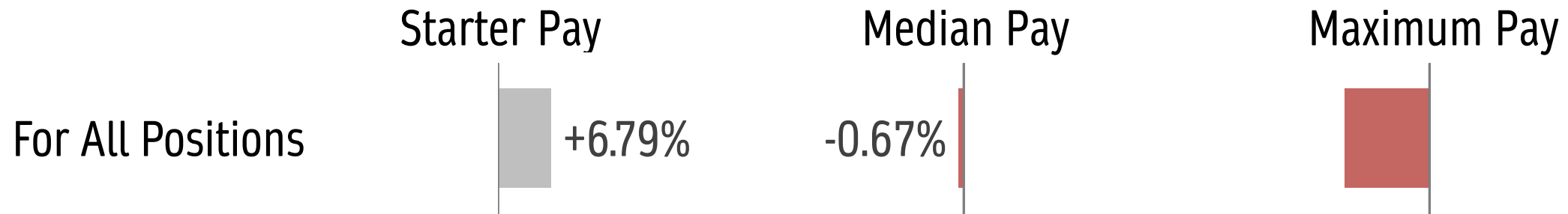


Total Compensation Review

Employer	Paid Time Off	Medical Insurance	Dental Insurance	Vision Insurance	Flexible Spending Account	401(k) and/or Retirement	Employer Contribution to Retirement	Life Insurance	Long-term Disability	Education Assistance	Parental Leave	Paid Military Service	In-store Discounts	Profit Sharing
Utility	•	•	•	•	•	•	•							
Call Center	•	•	•	•						•				
Local University	•	•	•	•	•	•	•	•	•					
Landscape Business	•	•	•			•								
Employer Resource Business	•	•	•	•		•		•			•			
Buccee's	•	•	•	•		•	•							
Local Municipality	•	•	•		•	•		•		•				
Local Hospital	•	•	•			•				•				
Food Service Provider		•	•	•		•		•	•	•				
Local Manufacturer	•	•	•	•	•	•	•	•						
Logistics Company	•	•	•	•				•	•					
Bottling Company	•	•	•	•	•	•	•	•	•	•				
Staffing Company		•	•	•		•		•	•					
Construction Company	•	•	•			•		•	•					•
Walmart/Walmart Distribution Center	•	•	•	•		•	•	•	•	•	•	•	•	



Compare Minimum, Mid-Point, and Maximum



Thinking Beyond Compensation

The Basics

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Leadership
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Career Path

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Age & Tenure



Thank You!



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