

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

* * * * *

RE: IN THE MATTER OF ADVICE)
LETTER NO. 1672-ELECTRIC FILED BY)
PUBLIC SERVICE COMPANY OF)
COLORADO TO REVISE ITS) PROCEEDING NO. 14AL-_____E
COLORADO PUC NO. 7-ELECTRIC)
TARIFF TO IMPLEMENT A GENERAL)
RATE SCHEDULE ADJUSTMENT AND)
OTHER RATE CHANGES EFFECTIVE)
JULY 18, 2014.)

DIRECT TESTIMONY AND ATTACHMENTS OF RICHARD R. SCHRUBBE

ON

BEHALF OF

PUBLIC SERVICE COMPANY OF COLORADO

June 17, 2014

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SUMMARY OF DIRECT TESTIMONY OF RICHARD R. SCHRUBBE

Mr. Richard R. Schrubbe is the Director of Corporate and Benefits Accounting for Xcel Energy Services Inc. ("XES"). In this position, Mr. Schrubbe has responsibility for accounting for all employee benefits programs, playing a liaison role with the Human Resources department, external actuaries, and senior management with benefit fiduciary roles. He is also responsible for coordinating the Benefits Operations & Maintenance ("O&M") and Capital budgeting and forecasting processes, as well as the monthly analysis of actual results against these budgets and forecasts.

In his Direct Testimony, Mr. Schrubbe supports the \$54.5 million in adjusted 2013 pension and benefit expenses that Public Service Company of Colorado ("Public Service," or "Company") witness Ms. Deborah Blair has included in the Company's January 1 2015 through December 31 Test Year ("Test Year") cost of service as reflected in Federal Energy Regulatory Commission ("FERC") Account 926. In support of this request, Mr. Schrubbe provides an overview of the actuarial (i.e., qualified

pension, retiree medical, non-qualified pension, and Financial Accounting Standard (“FAS”) 112 long-term disability expense), health and welfare, other retirement, and Hayden labor loading costs included in FERC Account 926. He explains the basis for the 47 percent reduction in actuarial costs, the 15 percent and 4 percent increases in health and welfare and other retirement expenses, respectively, and the 19 percent reduction in Public Service’s share of Hayden labor loadings expected to occur from 2013 to 2015. Mr. Schrubbe next supports inclusion of the \$261 million 13 month average balance of the prepaid pension asset that Ms. Blair has included in rate base consistent with the Colorado Public Utilities Commission’s (“Commission”) treatment of this regulatory asset since prior to 1993. Lastly he addresses the 38 percent decrease in worker’s compensation expense recorded in FERC Account 925 expected to occur from 2013 to 2015, which is also reflected in the Company’s Test Year cost of service.

Mr. Schrubbe recommends that the Commission approve the level of pension and benefit expense and worker’s compensation expense presented in his testimony as reasonable and necessary to support Public Service’s ability to provide safe and reliable electric service to its customers, and, therefore, that the Commission find that it is a reasonable basis for the Company’s Test Year cost of service, which is supported by Company witness Blair. He also recommends the Commission approve the inclusion of the prepaid pension asset in rate base as it did as recently as Proceeding No. 12AL-1268G, the Company’s recent Phase I gas rate case.

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Attachment No. RRS-1	Towers Watson Medical Trend Estimate
Attachment No. RRS-2	DPA Annual Compensation Survey Report for 2014-2015

GLOSSARY OF ACRONYMS AND DEFINED TERMS

<u>Acronym/Defined Term</u>	<u>Meaning</u>
ASC	Accounting Standards Codification
Commission	Colorado Public Utilities Commission
DPA	Department of Personnel and Administration
ERISA	Employee Retirement Income Security Act
EROA	Expected Return on Asset
FAS	Financial Accounting Standards
FAS 106 or SFAS 106 or ASC 715-060	Financial Accounting Standard No. 106; Retiree Medical; Accounting Standards Codification 715-060
FAS 112 or SFAS 112 or ASC 712	Financial Accounting Standard No. 112; Long-Term Disability; Accounting Standards Codification 712
FAS 87 or SFAS 87 or ASC 715-30	Financial Accounting Standard No. 87; Qualified and Non-Qualified Pension; Accounting Standards Codification 715-30
FERC	Federal Energy Regulatory Commission
GAAP	Generally Accepted Accounting Principles
H&W	Health & Welfare
HDHP	High Deductible Health Plan
HR	Human Resources
HSA	Health Savings Account
HTY	Historic Test Year
IRS	Internal Revenue Service

GLOSSARY OF ACRONYMS AND DEFINED TERMS

<u>Acronym/Defined Term</u>	<u>Meaning</u>
LTD	Long-Term Disability
O&M	Operations & Maintenance
PEPY	Per-Employee-Per-Year
Public Service, or Company	Public Service Company of Colorado
Staff	Staff of the Colorado Public Utilities Commission
Test Year	January 1, 2015 through December 31, 2015
VEBA	Voluntary Employees Beneficiary Association
Xcel Energy	Xcel Energy Inc.
XES	Xcel Energy Services Inc.

* * * * *

1 **Q. PLEASE SUMMARIZE YOUR RESPONSIBILITIES AND**
2 **QUALIFICATIONS.**

3 A. I am responsible for accounting for all employee benefits programs, playing a
4 liaison role with the Human Resources department, external actuaries, and
5 senior management with benefit fiduciary roles for Xcel Energy Inc., and its
6 subsidiaries. I am also responsible for coordinating the Benefits Operations &
7 Maintenance (“O&M”) and Capital budgeting and forecasting processes, as
8 well as the monthly analysis of actual results against these budgets and
9 forecasts. A description of my qualifications, duties and responsibilities is
10 included as Attachment A.

11 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

12 A. There are three purposes of my testimony. First, I support the \$54.5 million in
13 adjusted 2013 pension and benefit expenses that Company witness Ms.
14 Deborah Blair has included in the Company’s January 1, 2015 through
15 December 31, 2015 (“Test Year”) cost of service as reflected in Federal
16 Energy Regulatory Commission (“FERC”) Account 926. In support of this
17 request, I provide an overview of the actuarial (i.e., qualified pension, retiree
18 medical, non-qualified pension, and Financial Accounting Standards (“FAS”)
19 112 long-term disability expense), health and welfare, other retirement, and
20 Hayden labor loading costs included in FERC Account 926; and an
21 explanation of basis for the 47 percent reduction in actuarial costs, the 15
22 percent and 4 percent increases in health and welfare and other retirement
23 expenses, respectively, and the 19 percent reduction in Public Service’s

1 share of Hayden labor loadings expected to occur from 2013 to 2015.
2 Second, I support the inclusion of the \$261 million 13 month average balance
3 of the prepaid pension asset that Ms. Blair has included in rate base
4 consistent with the Colorado Public Utilities Commission's ("Commission")
5 treatment of this regulatory asset since prior to 1993. Third, I present the
6 level of expense recorded in FERC Account 925 for workers' compensation
7 and other insurance that was incurred in 2013 and explain how those costs
8 are included in the Company's Test Year cost of service.

9 **Q. WHAT RECOMMENDATIONS ARE YOU MAKING IN YOUR TESTIMONY?**

10 A. I recommend that the Commission approve the level of pension and benefit
11 expense and worker's compensation expense presented in this testimony as
12 reasonable and necessary to support Public Service's ability to provide safe
13 and reliable electric service to its customers, and, therefore, that the
14 Commission find that it is a reasonable basis for the Company's Test Year
15 cost of service as supported by Ms. Blair. I also recommend the Commission
16 approve the inclusion of the prepaid pension asset in rate base as it did as
17 recently as Proceeding No. 12AL-1268G, the Company's recent Phase I gas
18 rate case.

II. OVERVIEW OF FERC 926 COSTS

Q. WHAT IS FERC ACCOUNT 926?

A. Pursuant to FERC's Uniform System of Accounts, the Company is required to record certain costs associated with employee pension and benefits to FERC Account 926.

Q. WHAT TYPE OF BENEFIT COSTS ARE INCLUDED IN FERC ACCOUNT 926?

A. Public Service has grouped FERC 926 costs into four categories based on similar budgeting practices and cost recognition requirements. The four categories are: (1) actuarial costs; (2) health and welfare costs; (3) other retirement costs; and (4) Public Service's share of Hayden Station costs, that is, the benefit labor loading costs the Company incurs due to its joint ownership of Hayden.

Q. PLEASE PROVIDE A SUMMARY OF THE FOUR CATEGORIES OF FERC ACCOUNT 926 COSTS FROM 2013 TO 2015.

A. Table 1 below (“FERC 926 Costs”) shows the Public Service electric O&M amounts by category between these time periods.

Table 1

FERC 926 Costs for Public Service Electric O&M				
FERC 926 Cost type	2013	2014	2015 Test Year	% Change 2013-2015
Actuarial Costs				
Qualified Pension	29,711,543	22,576,902	18,062,553	
Nonqualified Pension	1,007,054	946,443	970,761	
FAS 106 Retiree Medical	1,624,151	(1,529,139)	(1,815,924)	
FAS 112 LTD (long-term disability)	49,554	(8,293)	18,846	
Total Actuarial Costs	32,392,302	21,985,914	17,236,235	-47%
Health & Welfare				
Active Health Care	22,713,254	24,691,643	26,424,153	
Misc Ben Programs	1,055,793	1,052,728	1,004,090	
Life & LTD insurance	1,314,693	1,350,605	1,376,758	
Total Health & Welfare	25,083,741	27,094,975	28,805,001	15%
Other Retirement				
401K Match	5,557,132	5,660,328	5,805,463	
Deferred Compensation Plan	23,775	24,961	27,016	
Retirement & Compensation Consulting	411,655	440,934	385,216	
Total Other Retirement	5,992,562	6,126,223	6,217,695	4%
PSCo Share of Hayden Loadings				
Hayden retirement loadings	1,824,205	1,576,609	1,114,865	
Hayden insurance loadings	953,039	1,049,664	1,124,310	
Total PSCo Share of Hayden Loadings	2,777,244	2,626,273	2,239,175	-19%
Total FERC 926	66,245,848	57,833,384	54,498,106	-18%

1 The section below provides a brief overview of FERC 926 costs by the four
2 categories.

3 **A. ACTUARIAL COSTS**

4 **Q. PLEASE DEFINE WHAT IS INCLUDED WITHIN ACTUARIAL COSTS.**

5 A. Actuarial costs refer to the retiree or post employment benefits that are
6 actuarially calculated and accounted for as required under the following
7 Financial Accounting Standards (FAS):

- Qualified pension (SFAS 87)
- Non-qualified pension (SFAS 87)
- Retiree medical (SFAS 106)
- Long-term disability (SFAS 112)

In 2009, FAS 87, FAS 106 and FAS 112 were renamed to Accounting Standards Codification ("ASC") 715-30, ASC 715-060, and ASC 712 respectively, but I will continue to refer to the standard in this testimony as FAS 87, FAS 106, and FAS 112 for ease of reference.

B. HEALTH AND WELFARE

Q. WHAT TYPES OF BENEFIT COSTS ARE INCLUDED IN ACTIVE HEALTH AND WELFARE?

- A. Active health and welfare costs can be broken down into three subcategories:
- I. Active health care, which is the largest category of costs;
 - II. Miscellaneous benefit programs; and
 - III. Insurance premiums.

Q. WHAT IS INCLUDED IN ACTIVE HEALTH CARE COSTS?

- A. Active health care costs are associated with providing health care coverage to our employees. As explained in more detail within the Direct Testimony of Ms. Ruth Lowenthal, active health care benefits include medical, pharmacy, dental and vision claims, administrative fees, employee withholdings, pharmacy rebates, Health Savings Account ("HSA") contributions, transitional reinsurance fees, trustee fees, and interest income. The active health care category makes up 92 percent of the total health and welfare costs.

1 **Q. PLEASE EXPLAIN THE MISCELLANEOUS BENEFIT PROGRAMS**
2 **CATEGORY OF ACTIVE HEALTH AND WELFARE COSTS.**

3 A. The types of costs included in the miscellaneous benefit programs are:

- 4 • Tuition reimbursement,
- 5 • Employee Assistance Program costs,
- 6 • Wellness program costs,
- 7 • Costs incurred by the Human Resources ("HR") Service Center to
- 8 answer employee retirement or benefit questions,
- 9 • Costs related to the communication of benefit plans to employees,
- 10 • Health and welfare plan actuarial and audit fees,
- 11 • Administrative fees for short-term and long term disability ("LTD")
- 12 plans, and
- 13 • Administrative fees for employee flexible spending and health
- 14 savings accounts.

15 Miscellaneous benefit programs make up 3 percent of total health and welfare
16 costs.

17 **Q. PLEASE EXPLAIN WHAT COSTS ARE INCLUDED IN THE INSURANCE**
18 **PREMIUMS CATEGORY OF HEALTH AND WELFARE.**

19 A. This category includes life insurance, LTD, and business travel accident
20 insurance premiums. These premiums represent costs associated with fully-
21 insured plans where the Company purchases an insurance plan from an
22 outside insurance provider that assumes the risk. The Company funds a
23 base level of life insurance for employees. The LTD plan provides the
24 employee income protection by paying a portion of the employee's income
25 while he or she is disabled by a covered physical or mental impairment. All
26 employees disabled after January 1, 2008 are covered under the fully insured
27 plan. All employees disabled prior to January 1, 2008 are covered under a

1 self-insured plan. The accounting treatment differs for the self-insured plan
2 as Public Service is required to accrue for self-insured LTD costs under FAS
3 112, which was discussed above. The insurance premium category
4 represents 5 percent of total health and welfare costs.

5 **C. OTHER RETIREMENT**

6 **Q. WHAT TYPES OF COSTS ARE INCLUDED IN THE OTHER RETIREMENT**
7 **CATEGORY?**

8 A. This category includes costs such as the 401(k) employer match, 401(k) plan
9 administration fees, compensation consulting and survey costs, retirement
10 plan actuarial and audit fees, and a small amount for the deferred
11 compensation plan. The 401(k) plan, as described further by Ms. Lowenthal,
12 is a retirement savings plan for employees, where the employee contributes
13 and receives a matching contribution from the Company based on the plan
14 and level of contributions.

15 **D. PUBLIC SERVICE'S SHARE OF HAYDEN GENERATION STATION**

16 **Q. WHAT IS THE HAYDEN GENERATION STATION?**

17 A. The Hayden Generation Station is a coal-fired, steam-electric generating
18 station with two operating units. The plant has three owners, with operational
19 responsibilities held by Xcel Energy. Ownership is as follows: Unit 1 – Xcel
20 Energy (75.5 percent), PacifiCorp, Portland, Oregon (24.5 percent), Unit 2 –
21 Salt River Project, Phoenix, Arizona (50 percent), Xcel Energy (37.4 percent)
22 and PacifiCorp (12.6 percent).

1 **Q. WHY IS PUBLIC SERVICE RESPONSIBLE FOR A SHARE OF FERC 926**
2 **COSTS ASSOCIATED WITH THE HAYDEN GENERATION STATION?**

3 **A.** As a partial owner of the Hayden Generation Station, Public Service shares in
4 the costs of operating that plant, including FERC 926 Costs associated with
5 the employees who operate and maintain the plant. Thus, the Public Service
6 share of Hayden costs represent the amount of benefit labor loading costs
7 that the Company incurs related to its joint ownership of Hayden Generation
8 Station.

1 **III. FERC 926 COST TREND FROM 2013 TO 2015**

2 **Q. NOW THAT YOU HAVE DEFINED THE FOUR CATEGORIES OF FERC 926**
3 **COSTS, WHAT WAS THE AMOUNT OF FERC 926 COSTS INCURRED**
4 **FOR 2013 COMPARED TO 2015?**

5 A. As Table 1 above shows, the FERC 926 amount decreases from \$66.2 million
6 in 2013 to \$54.5 million in 2015, which represents an 18 percent decline.

7 **Q. WHAT IS CAUSING THIS SIGNIFICANT DECREASE IN TOTAL FERC 926**
8 **BENEFIT COSTS OVER THIS THREE YEAR TIME SPAN?**

9 A. The cost trend varies by component so the overall 18 percent decrease
10 needs to be quantified and explained by the four categories defined above.
11 This is discussed next.

12 **A. ACTUARIAL COSTS**

13 **Q. WHAT CATEGORY OF ACTUARIAL EXPENSES CONTRIBUTES THE**
14 **MOST TO THE DECLINE IN ACTUARIAL EXPENSE FROM 2013 TO 2015,**
15 **AS SHOWN IN TABLE 1?**

16 A. The expense amount for all four actuarial costs is declining over this time
17 period, but the most significant reduction is in qualified pension expense. As
18 Table 1 above shows, qualified pension expense decreases \$11.6 million,
19 from a 2013 expense amount of \$29.7 million to a 2015 expense amount of
20 \$18.1 million.

21 **Q. PLEASE SUMMARIZE THE MAJOR DRIVERS OF THE \$11.6 MILLION**
22 **DECREASE IN QUALIFIED PENSION EXPENSE.**

23 A. The decrease is primarily driven by the following four events:

- 24
 - An increase in the discount rate;

- 1 • A higher expected return on asset (“EROA”);
- 2 • A decrease in the asset loss amortization amount; and
- 3 • The impact from plan design changes.

4 **Q. WHY HAS THE DISCOUNT RATE ASSUMPTION DECREASED PENSION**
5 **COST?**

6 A. Each year the Company determines the actual discount rate based on a
7 rigorous actuarial analysis of the Company’s pension obligations. This
8 analysis is required under FAS 87 and produced a final 2013 discount rate of
9 4.00 percent and a Test Year discount rate of 4.75 percent. The higher
10 discount rate in the Test Year decreases the present value of the pension
11 benefit obligation. This decrease in the present value of the pension liability
12 is treated as a gain to the plan and is amortized over the average years to
13 retirement of active plan participants. The gain amortization resulting from
14 the decrease in the pension liability results in decreased pension costs as
15 compared to 2013.

16 **Q. WHAT IS THE BASIS FOR THE DISCOUNT RATE USED TO DETERMINE**
17 **PUBLIC SERVICE’S PENSION EXPENSE?**

18 A. The discount rate was determined under the requirements of FAS 87 and
19 based on a rigorous actuarial analysis of Public Service’s annual pension
20 obligations. This analysis matches the Company’s annual pension obligations
21 with discount rates that are appropriate for those obligations. This analysis
22 includes performing a bond matching study and validating the results against
23 the Citigroup Pension Liability curve and the Citigroup above median curve.

1 **Q. WHO PERFORMED THE BOND MATCHING STUDY ON BEHALF OF THE**
2 **COMPANY?**

3 A. The bond matching study was performed by Towers Watson, with input from
4 the Company regarding the overall approach and resulting bond portfolio.

5 **Q. DOES THE DISCOUNT RATE REFLECT ONLY SHORT RUN ECONOMIC**
6 **CONDITIONS?**

7 A. No. Although the discount rate is made at a point in time, the discount rate
8 applied in the FAS 87 determination of pension expense is based on long-
9 term yields for bonds over the entire expected payout range of the pension
10 plan, not just short term rates that will be settled in the next year. As a result,
11 the FAS 87 discount rate is similar to a forward price curve for bonds and
12 already integrates the current best estimate of future year yields.
13 Consequently, the FAS 87 discount rate is not so much a reflection of where
14 rates are today, as it is a market-based projection of where rates will be in the
15 future. If there was a consensus expectation in the market that rates are
16 going to go up in the next year, this expectation would already be built into the
17 yields of bonds that mature beyond one year into the future. As a result, the
18 overall discount rate utilized by the Company reflects these yields, since the
19 bond matching study develops a combined discount rate with the vast
20 majority of the weight on payouts that will occur beyond the current year.

1 **Q. PLEASE DESCRIBE THE CHANGE IN THE LONG-TERM EXPECTED**
2 **RETURN ON ASSET ASSUMPTION AND EXPLAIN WHY IT DECREASED**
3 **PENSION COST.**

4 A. The long-term return on asset assumption has been changed for one of the
5 pension plans that impact Public Service's pension cost, which is shown in
6 the table below:

7 **Table 2**

Pension plan	2013	2015
Public Service Bargaining	6.35%	6.75%

8

9 The pension trustee increased the percentage of plan assets held in stocks
10 and decreased the percentage invested in bonds and other fixed income
11 securities. Because stocks typically have higher average returns, the
12 average return for the Public Service Bargaining portfolio increased. An
13 increase to the long-term return on asset assumption increases the "return on
14 asset" component of pension cost, which in turn decreases total pension cost.

15 **Q. WHAT IS THE STANDARD FOR DETERMINATION OF RETURN ON**
16 **ASSETS?**

17 A. Return on assets is determined based on the long-term expected rates of
18 return as dictated by the requirements of FAS 87. Individual gains or losses
19 in a single year or even a series of years cannot be the basis for establishing
20 this rate of return. The Company establishes a long-term rate of return on
21 assets by breaking down the overall pool of plan assets into individual fund
22 types that are established based on the Company's investment strategy.

1 Each of these fund types is then assigned an expected long-term rate of
2 return based on the overall risk and expected long-term rate of return based
3 on industry benchmarks for the fund type, as well as adjustments for active-
4 versus passively-managed funds and management fees. The analysis of
5 long-term expected returns was performed by the Company's investment
6 advisor, JP Morgan.

7 **Q. PLEASE DISCUSS WHY THERE IS A DECREASE IN THE ASSET LOSS**
8 **AMORTIZATION.**

9 A. In 2008, Public Service Pension Plan's actual return on assets was
10 approximately negative 26 percent that, given the return assumption of 8.75
11 percent, resulted in a 34.8 percent, or \$234 million, shortfall from the
12 expected return. This loss was phased into the loss amortization calculation
13 by 20 percent each year, and then amortized over the average years to
14 retirement. This approach caused a slow, but significant step-in of the 2008
15 market loss and resulted in rising pension costs through 2013.¹ In 2013, the
16 full loss was placed into the amortization pool and the full amount is now
17 being amortized over the average years to retirement of active employees.
18 This process, required under FAS 87, resulted in increased pension cost from
19 2009 to 2013 and will result in reduced pension cost beginning in 2014.

¹ Under FAS 87 the asset gains or losses are incorporated into the calculation of pension expense over a period of five years.

1 **Q. PLEASE DISCUSS HOW PLAN DESIGN CHANGES CONTRIBUTE TO**
2 **THE PENSION COST DECREASE.**

3 A. Plan design changes implemented in 2012 significantly reduced benefit levels
4 for newly hired non-bargaining employees. Pursuant to the Settlement
5 Agreement entered into in Proceeding No. 11AL-947E, the Company and
6 Staff of the Colorado Public Utilities Commission ("Staff") agreed to
7 commission a study (called the "Joint Pension Study") to assess the
8 reasonableness of the plan design changes implemented for newly hired non-
9 bargaining employees in 2012. A key finding of the Joint Pension Study was
10 that Public Service has effectively implemented changes in its retirement
11 plans, which significantly reduces the cost of benefits for non-bargained new
12 hires. The results of the Joint Pension Study are further discussed in the
13 Direct Testimony of Ms. Lowenthal.

14 **Q. DID ANY OF THE ITEMS MENTIONED ABOVE THAT CAUSED**
15 **QUALIFIED PENSION COST TO DECREASE ALSO CAUSE THE OTHER**
16 **ACTUARIAL COSTS TO DECREASE?**

17 A. Yes, the discount rate also increased for the other actuarial costs and as I
18 mentioned above, an increased discount rate decreases overall cost. The
19 table below compares the 2013 and 2015 discount rates used to determine
20 Public Service's other three actuarial costs.

Table 3

Actuarial Cost	2013 Discount Rate	2015 Discount Rate
Non-Qualified Pension	3.81%	4.56%
Retiree Medical (FAS 106)	4.10%	4.82%
Long-Term Disability (FAS 112)	3.74%	4.45%

1 **Q. ARE THERE ANY OTHER ITEMS YOU WOULD LIKE TO ADDRESS THAT**
2 **CAUSED THE 2015 ACTUARIAL COSTS TO DECLINE RELATIVE TO THE**
3 **2013 AMOUNTS?**

4 A. Yes, I would like to separately discuss the reduction in retiree medical (FAS
5 106) costs from 2013 to 2015. A significant cause for this reduction is due to
6 the impact of the plan design change that was made as part of the 2011
7 bargaining negotiations with the union. As part of the 2011 bargaining
8 contract, Public Service negotiated to increase the pharmacy co-pay and
9 deductibles for future retirees. This change is estimated to reduce Public
10 Service's electric O&M by approximately \$1.0 million per year going forward.

11 **Q. HAS THE COMPANY BASED ITS TEST YEAR COST OF SERVICE ON**
12 **THE 47 PERCENT DECREASE EXPECTED FOR ACTUARIAL COSTS IN**
13 **2015?**

14 A. Yes. As discussed above, the estimates of these costs for 2015 are based
15 upon actuarial studies in accordance with generally accepted accounting
16 practices ("GAAP"). Thus, they are reliable estimates of the expense Public
17 Service expects to incur in 2015 and a reasonable basis upon which
18 prospective rates should be based.

1 **B. HEALTH AND WELFARE**

2 **Q. WHAT IS THE ACTIVE HEALTH AND WELFARE AMOUNT FOR 2015?**

3 A. The 2015 health and welfare (“H&W”) expense for Public Service is
4 approximately \$28.8 million, which is a 15 percent increase over 2013.

5 **Q. WHAT IS CAUSING THE INCREASE TO ACTIVE HEALTH AND WELFARE**
6 **COSTS OVER THIS TIME PERIOD?**

7 A. As I mentioned above, active health and welfare costs are broken down into
8 three subcategories, and active health care represents approximately 92
9 percent of the total. Since the costs in the other two subcategories have
10 remained relatively flat since 2013, as shown in the table below, the
11 remainder of my discussion around H&W will focus exclusively on the active
12 health care cost component.

Table 4

Health & Welfare Non-Active Health Care	2013 HTY	2015 Test Year	% Change 2013-2015
Misc Ben Programs	1,055,793	1,004,090	
Life & LTD insurance	1,314,693	1,376,758	
Total	2,370,486	2,380,848	0.4%

13 **Q. PLEASE DISCUSS THE PROCESS THAT THE COMPANY UNDERTOOK**
14 **TO DETERMINE THE ACTIVE HEALTH CARE AMOUNTS FOR 2014 AND**
15 **2015.**

16 A. In April 2014, our actuary Towers Watson, calculated both a new 2014 and
17 2015 active health care amount. Towers Watson calculated the 2014 and
18 2015 amounts by utilizing the active health care expense actually

1 experienced by Xcel Energy in 2012 and 2013, with 2012 weighted at 20
2 percent and 2013 weighted at 80 percent. Towers Watson then adjusted for
3 changes in plan design, regulations, high cost claims, administrative fees,
4 etc., and then trended the data forward to 2014 and 2015 using a 7 percent
5 trend factor. This 7 percent trend factor was applied on a per-employee-per-
6 year ("PEPY") basis. These costs are calculated at a plan level, meaning all
7 operating companies with employees in that plan are calculated together.
8 The medical and pharmacy costs have two plans; the non-bargaining
9 employees have a high deductible health plan ("HDHP"), while the Public
10 Service bargaining employees have a non-HDHP plan.

11 **Q. WHAT IS THE COMPANY'S BASIS FOR USING A 7 PERCENT HEALTH**
12 **CARE TREND ASSUMPTION?**

13 A. There are numerous statistics and projections on how much health care costs
14 will increase in the upcoming years. The 7 percent trend rate was
15 recommended by Towers Watson because it reflects their overall expectation
16 for the health care trend which they used in determining our projected 2015
17 costs. The 7 percent trend assumption is the overall expectation for the
18 health care trend based on survey averages, carrier information, and an
19 analysis of the broad health care market. The Towers Watson report is
20 included as Attachment No. RRS-1.

1 **Q. DOES THE COMPANY HAVE ANY HEALTH CARE TREND DATA**
2 **SPECIFIC TO COLORADO?**

3 A. Yes. The State of Colorado Department of Personnel and Administration
4 ("DPA") provides an annual recommendation regarding adjustments to state
5 employee's compensation and benefits. In a report dated August 1, 2013
6 regarding premium contributions for 2014-2015, the DPA makes the following
7 comment:

8 To project market premium rates, benefits cost increase trend factors
9 ranged from 7.6 to 8.6 percent for medical plans and 4.0 percent for
10 dental plans. Surveys were used for the collection and comparison of
11 data on group benefit plans of public and private sector employers
12 within Colorado. Data from this survey is used to analyze plan
13 premiums, employer and employee cost sharing, and plan design
14 features.

15
16 The full report can be found in Attachment No. RRS-2 with the cited medical
17 and dental inflation rates being found on Page 2, Paragraph 4.

18 **Q. WHAT IS THE PROJECTED ACTIVE HEALTH CARE PERCENT**
19 **INCREASE IN 2014 AND 2015?**

20 A. Since the number of participants changes from year to year, the Public
21 Service electric O&M amounts need to be converted to a PEPY amount to
22 accurately compare time periods. The table below displays the Public
23 Service electric O&M active health care costs, the average participants per
24 year and the associated PEPY amounts. In addition to the assumed trend,
25 there was also an increase in the number of participants from 2013 to 2014,
26 which generated an overall cost increase of greater than 7 percent for 2014
27 over 2013. For 2015, the Company assumed enrollment would be flat. The

1 flat enrollment results in a 7 percent cost increase in 2015 compared to 2014,
 2 as 2015 is based entirely on the recommended trend.

Table 5

Active Health Care Costs Public Service O&M Electric				% Increase 2013 to 2014	% Increase 2014 to 2015
Co	2013	2014	2015		
PSCo	15,750,698	17,689,670	19,158,758	A	
XES	6,962,556	7,001,973	7,265,395	B	
Total	22,713,254	24,691,643	26,424,153		9% 7%
Average Enrollment					
PSCo	2,558	2,591	2,591	C	
XES	2,737	2,822	2,822	D	
Per Employee Per Year Cost (PEPY)					
PSCo	6,157	6,827	7,394	(a/c)	
XES	2,544	2,481	2,575	(b/d)	
	8,701	9,308	9,969		7% 7%

3 **Q. WHY DOES THE COMPANY ESTIMATE AN AVERAGE INCREASE FOR**
 4 **ACTIVE HEALTH CARE COSTS OF GREATER THAN 7 PERCENT FOR**
 5 **2013 TO 2015?**

6 A. The Company used a 7 percent PEPY active health care trend assumption in
 7 both 2014 and 2015 as shown in the table below. There is both a 7 percent
 8 increase from 2013 to 2014 ($\$9,308/\$8,701 = 7\%$) and from 2014 to 2015
 9 ($\$9,969/\$9,308 = 7\%$), which results in a compounded 15 percent increase
 10 from 2013 to 2015 ($\$9,969/\$8,701 = 15\%$).

Table 6

Active Health Care Per Employee Per Year Cost (PEPY)			
PSCo & XES Total	8,701	9,308	9,969
Annual Increase as a Percent		7%	7%
Compound Percent Increase 2013 to 2015			15%

1 **Q. DO YOU BELIEVE THE COMPANY'S ESTIMATE OF ACTIVE HEALTH**
2 **CARE COSTS IS REPRESENTATIVE OF COSTS THE COMPANY**
3 **EXPECTS TO INCUR IN FUTURE YEARS?**

4 A. Yes. The Company's PEPY active health care costs are currently forecasted
5 to grow an average of 7 percent through 2015. This average growth rate is
6 typical for other organizations as demonstrated by the attachments supplied
7 above, and is lower than the increase anticipated by the DPA. The
8 Company's expense will undoubtedly increase in 2014 through 2015 because
9 even though Public Service has implemented several plan design changes to
10 help control the pace of growth, the health care costs have continued to
11 increase and are expected to increase annually at a rate of approximately 7
12 percent.

13 **Q. FOR TEST YEAR PURPOSES, HAS THE COMPANY USED THE**
14 **ESTIMATE OF ACTIVE HEALTH CARE COSTS FOR 2015?**

15 A. Yes. As discussed above, the estimate of active health care costs for 2015
16 was developed by Towers Watson and uses a 7 percent trend factor, which:
17 (1) is Towers Watson's expectation of the overall expectation for the health
18 care trend in 2015 based on survey averages; and (2) reflects the actual
19 annual medical inflation rate experienced by the Company since 2013. Thus,

1 the 2015 estimate of active health care costs is representative of what the
2 Company expects to incur for rate-making purposes.

3 **Q. WHY IS IT REASONABLE FOR CUSTOMERS TO PAY ACTIVE HEALTH**
4 **CARE COSTS INCURRED BY THE COMPANY?**

5 A. It is appropriate that customers pay for these benefits because they reflect a
6 reasonable and necessary level of expense to maintain a complex electric
7 system. Employees expect their employer to provide a reasonable level of
8 health and welfare benefits, and any employer that does not do so is at a
9 significant disadvantage in the labor market. Thus, our compensation plans
10 and benefits, and their associated costs, are necessary to attract, retain, and
11 motivate employees needed to perform the work necessary to provide quality
12 services for Colorado customers. Company witness Ms. Lowenthal also
13 discusses the reasonableness of Xcel Energy's Total Rewards Program,
14 which includes active health care.

15 **C. OTHER RETIREMENT**

16 **Q. WHY DID OTHER RETIREMENT COSTS INCREASE 4 PERCENT FROM**
17 **2013 TO 2015, AS SHOWN IN TABLE 1.**

18 A. The most significant cost within this category is the 401(k) match contribution
19 which was described above. The four percent increase from 2013 to 2015, or
20 2 percent per year, is driven by assumed salary increases for participants. As
21 the salary is expected to increase there is a corresponding increase to the
22 401(k) match on participant contributions.

1 **Q. FOR TEST YEAR PURPOSES, HAS THE COMPANY USED THE FOUR**
2 **PERCENT INCREASE FROM 2013 TO 2015 EXPECTED FOR OTHER**
3 **RETIREMENT COSTS?**

4 A. Yes. As noted above, the four percent increase from 2013 to 2015, or 2
5 percent per year, is driven by assumed salary increases. As discussed by
6 Company witness Lowenthal, base salary increases are known and
7 measurable adjustments as employees have historically been given the
8 opportunity to earn them on an annual basis. Consistent with this history, Ms.
9 Lowenthal explains that the Test Year cost of service reflects expected base
10 salary increases in 2014 and 2015. Since the 4 percent increase related to
11 the 401(K) match contribution expected in 2015 is driven by the assumed
12 base salary increases for participants, it is reasonable to include this increase
13 in expense in the Test Year cost of service, as it is representative of the cost
14 Public Service expects to incur in 2015.

15 **D. PUBLIC SERVICE'S SHARE OF HAYDEN**

16 **Q. WHAT IS CAUSING THE PUBLIC SERVICE SHARE OF HAYDEN COSTS**
17 **TO DECLINE IN 2014 AND 2015 AS COMPARED TO 2013?**

18 A. The 19 percent decline of Public Service share of Hayden costs from 2013 to
19 2015 is caused by the same reasons why the total FERC 926 costs have
20 declined over the same period. Since the workers at Hayden Station are
21 Public Service employees, as the benefit costs in FERC 926 decrease, the
22 share of Hayden benefit labor loading costs also decreases.

1 **Q. FOR TEST YEAR COST OF SERVICE PURPOSES, HAS THE COMPANY**
2 **INCORPORATED THE 19 PERCENT DECLINE OF PUBLIC SERVICE**
3 **SHARE OF HAYDEN COSTS?**

4 A. Yes. For the same reasons it is appropriate to include the 2015 level of
5 expense for the other categories of Actuarial costs, it is also appropriate to
6 have the Test Year cost of service reflect the 19 percent decline of Public
7 Service's share of the Hayden costs. In particular, this is the level of expense
8 Public Service expects to incur for the benefit costs of the workers at Hayden
9 Station in 2015 and including this decrease will help ensure prospective rates
10 are accurate.

1 **IV. PREPAID PENSION ASSET**

2 **Q. PLEASE EXPLAIN HOW A PREPAID PENSION ASSET IS CREATED.**

3 A. The prepaid pension asset is the cumulative difference between what has
4 been contributed to the pension plan and what has been expensed. The
5 expense amount represents total Public Service pension cost and does not
6 include any amounts allocated from XES. If the cumulative contributions
7 exceed the cumulative pension expense, a prepaid asset will be created.

8 **Q. PLEASE EXPLAIN PUBLIC SERVICE'S REQUEST REGARDING THE**
9 **PREPAID PENSION ASSET.**

10 A. Consistent with the treatment of the prepaid pension asset since at least
11 1993, Public Service has included the increase in this asset in the rate base.
12 See Proceeding No. 93S-001EG (where the prepaid pension asset was
13 included in rate base). The prepaid pension asset represents assets that are
14 delivering a direct benefit to the ratepayers because the investment income
15 on contributions made to the Company's pension plans lowers the pension
16 expense; therefore it is appropriate that the prepaid pension asset created by
17 these contributions be included in rate base to provide a corresponding return
18 to the shareholder.

19 **Q. HAS THE COMMISSION APPROVED THE INCLUSION OF PREPAID**
20 **ASSETS IN RATE BASE IN OTHER CASES?**

21 A. Yes. The Commission allowed the inclusion of the prepaid pension asset in
22 the last gas rate case (i.e., Proceeding No. 12AL-1268G) and in all previous
23 electric rate cases since 2002.

1 **Q. WHAT IS THE AMOUNT OF THE PREPAID PENSION ASSET INCLUDED**
2 **IN THE TEST YEAR AND HOW DOES IT COMPARE TO THE LEVEL AT**
3 **THE END OF THE 2013?**

4 A. The 13-month average total Public Service prepaid pension asset that is
5 included in the Test Year is \$366.5 million (\$261.0 million electric) compared
6 to \$356.9 million (\$254.2 million electric) on December 31, 2013, or a \$9.6
7 million (\$6.8 million electric) increase. Ms. Blair provides the Public Service
8 electric prepaid pension asset jurisdictional amounts for the Test Year.

9 **Q. WHY DID THE TOTAL COMPANY PUBLIC SERVICE PREPAID PENSION**
10 **ASSET INCREASE BY \$9.6 MILLION?**

11 A. The slight increase in the prepaid pension asset was caused by Public
12 Service's pension contributions exceeding the pension expense recognized
13 for accounting purposes. The expense calculation is governed by FAS 87,
14 but the contributions are driven by federal law requirements under the Internal
15 Revenue Code and the Pension Protection Act ("ERISA"). Although the
16 expense and contribution calculations both use accrual methodologies, the
17 assumptions, attribution methods, and periods of time over which the costs
18 are required to be recognized are different and thus can often result in
19 different annual amounts. Over the long run, pension contributions and
20 pension expenses will equal, but over the short and intermediate run there will
21 be differences, which are recorded as prepaid pension assets or pension
22 liabilities.

1 **Q. ARE THERE ANY OTHER BENEFIT RELATED PREPAID ASSETS THE**
2 **COMPANY IS INCLUDING IN RATE BASE?**

3 A. Yes. The Company has included the prepaid asset associated with other
4 post employment benefits ("OPEB"). OPEB costs are calculated under
5 Financial Accounting Standard No. 106 ("FAS 106"). The components and
6 calculation of FAS 106 are identical to FAS 87 with one exception. Unlike
7 FAS 87, FAS 106 asset gains or losses are not smoothed into the
8 amortization, but instead the total loss amount is amortized over the average
9 years to retirement for active employees.

10 **Q. WHAT ARE THE COMPANY'S REQUIREMENTS REGARDING OPEB**
11 **COSTS?**

12 A. Effective July 1, 1993, in accordance with Decision No. 91-1514 issued in
13 Docket No. 91A-281E, the Company was required to implement accrual
14 accounting for regulatory purposes on OPEB costs in accordance with the
15 provisions of FAS 106. In addition, the Company was also required to fund
16 100 percent of the annual FAS 106 costs collected from customers in one or
17 more trusts similar to the pension fund.

18 **Q. WHAT ACTION DID THE COMPANY TAKE TO COMPLY WITH THIS RATE**
19 **ORDER?**

20 A. A Voluntary Employee Beneficiary Association ("VEBA") was established to
21 pay claims and fees for medical, dental, vision, and life insurance benefits for
22 all eligible retired employees. The Public Service Retiree VEBA is set up with
23 two subaccounts, the Union Retiree VEBA and the Non-Union Retiree VEBA.

1 All the activity through these two VEBAs, including contributions, payments
2 and asset returns, is tracked in the appropriate subaccount consistent with
3 Internal Revenue Service (“IRS”) requirements. The Company has made
4 contributions into one of these two VEBAs that have, at a minimum, equaled
5 the Company’s recognized FAS 106 expense.

6 **Q. HOW HAS THE COMPANY TREATED THE FAS 106 ASSET OR LAIBILITY**
7 **IN PREVIOUS CASES?**

8 A. In all previous cases, the cumulative expense recorded under FAS 106 has
9 exceeded cash contributions to the VEBA trust, which resulted in a net
10 funding liability. The Commission has approved the inclusion of the FAS 106
11 unfunded liability, which decreases rate base. In 2015, for the first time
12 cumulative cash contributions have exceeded FAS 106 expense, which have
13 now turned the previous FAS 106 unfunded liability into a prepaid asset.

14 **Q. WHAT HAS CAUSED THE FAS 106 UNFUNDED LIABILITY TO NOW**
15 **TURN INTO A PREPAID ASSET?**

16 A. A prepaid asset can be created due to several reasons, including
17 contributions, high market returns on plan assets, liability gains due to
18 demographic experience that is more favorable than expected,
19 assumption changes, and plan changes, all of which can result in negative
20 expense, which contributes to the creation of a prepaid asset. In 2014
21 and 2015, Public Service FAS 106 cost became negative primarily as a
22 result of plan design changes that were discussed above.

1 **Q. FOR RATEMAKING PURPOSES, DOES IT MAKE A DIFFERENCE**
2 **WHETHER THE PREPAID ASSET IS DERIVED FROM**
3 **CONTRIBUTIONS OR FROM NEGATIVE EXPENSE?**

4 A. No. The basis for building the prepaid asset and the impact on expense is
5 the same. The negative pension expense creates a decrease in expenses
6 and cost of service to the ratepayer. Public Service is unable to make a
7 withdrawal, or negative contribution, from the VEBA. In effect, Public
8 Service is making a distribution to ratepayers that is unmatched by a
9 distribution from the VEBA trust. The cash flow to Public Service in both
10 scenarios is identical in that Public Service has a negative cash flow
11 relative to the expense recognized on the financial statements.

12 **Q. WHO BENEFITS FROM THE NEGATIVE FAS 106 EXPENSE?**

13 A. Public Service's customers benefit from the negative FAS 106 expense
14 through a reduced cost of service. Negative FAS 106 expense does not
15 benefit investors because there is not an immediate cash benefit. This
16 timing difference between when expense is recognized and a cash benefit
17 is actually achieved is quantified through the prepaid asset.

18 **Q. WHAT IS THE AMOUNT OF THE FAS 106 PREPAID ASSET INCLUDED IN**
19 **THE TEST YEAR?**

20 A. The 13-month average total Public Service FAS 106 prepaid asset that is
21 included in the Test Year is \$767,253 (\$546,448 electric). Ms. Blair
22 addresses these amounts as a part of her Direct Testimony, as well.

1 **V. FERC 925 COSTS**

2 **Q. WHAT TYPES OF COSTS ARE INCLUDED IN FERC ACCOUNT 925**
3 **INJURIES AND DAMAGES?**

4 A. FERC Account 925 is comprised of workers' compensation coverage and
5 other liability insurance costs ("FERC 925 Costs"). The workers'
6 compensation benefit covers work related injury costs for medical claims,
7 permanent or partial disability, lost time, rehabilitation costs, prescription
8 drugs, etc. The other liability insurance includes coverage for general liability,
9 excess liability, fiduciary insurance, and director and officer insurance. Since
10 my area of expertise is in benefits accounting, my testimony discusses
11 workers' compensation costs further, whereas Company witness Mr. Gregory
12 Robinson discusses the remaining non-workers' compensation costs.

13 **Q. EXPLAIN HOW WORKERS' COMPENSATION COSTS ARE**
14 **DETERMINED.**

15 A. Similar to LTD, the workers' compensation accounting treatment differs for
16 the self-insured and fully insured portions of the plan. The workers'
17 compensation benefit is self-insured for any active bargaining or non-
18 bargaining employee who was injured before August 1, 2001, and it is fully-
19 insured for any employee who was injured on and after that date. Public
20 Service is required to accrue for self-insured workers' compensation costs
21 under FAS 112, which was discussed above. The fully insured portion is
22 merely the cost of the insurance premium that the Company must pay each
23 year.

1 Q. WHAT AMOUNT OF FERC 925 COSTS DID PUBLIC SERVICE ELECTRIC
2 INCUR FOR THE 2013 HISTORIC TEST YEAR (“HTY”)?

3 A. In 2013, the Company incurred the following FERC 925 Costs:

Table 7

FERC 925 Cost Type	2013 HTY
Workers’ Compensation	
FAS 112	186,187
Insurance premiums	1,694,816
Bank Fees & Misc. Other	3,512
Workers’ Compensation Total	1,884,515
Other Insurance (Non-workers Comp)	7,508,424
Total FERC 925	9,392,939

4 Q. HAS PUBLIC SERVICE USED THE 2013 HTY LEVEL OF FERC 925
5 COSTS FOR THE TEST YEAR COST OF SERVICE?

6 A. Yes. As discussed by Ms. Jackson, Public Service is proposing to set rates
7 based on our historic 2013 O&M costs, with limited adjustments for known
8 and anticipated changes between the end of our 2013 base period and
9 December 31, 2015. With respect to FERC 925 Costs, the Company is not
10 proposing any adjustments in the Test Year.

11 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

12 A. Yes, it does.

Attachment A

Statement of Qualifications

Richard R. Schrubbe

I received a Bachelor of Science degree, with a major in finance, from Marquette University in 1996. From 2000 to 2005, I was employed by the DoALL Company, first as a Staff Accountant, later as Assistant Controller, and then as Corporate Controller. From 2005 to 2007, I was employed by Wilsons Leather as a Financial Analyst. In 2007, I joined Xcel Energy as a Consultant. I became the Manager of Corporate Accounting in 2010 and the Director of Corporate and Benefits Accounting in 2013. I am responsible for accounting for all employee benefits programs, playing a liaison role with the Human Resources department, external actuaries, and senior management with benefit fiduciary roles. As part of my job responsibilities, I have become familiar with the applicable laws, regulatory rules, and ratemaking practices regarding the Operating Companies' recovery of pension and benefits costs and assets. In addition, I am responsible for Xcel Energy's corporate accounting, including four core utility business unit accounting groups and multiple Xcel Energy subsidiaries.

TOWERS WATSON



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Date: May 21, 2014

To: Xcel Energy

From: Scott Lund

Subject: 2015 Pricing Trend Assumptions

Background

At the request of Xcel Energy, Towers Watson is providing documentation support for the trend assumptions used by Towers Watson in its 2015 pricing projections for Xcel Energy's active and retiree medical and dental plans.

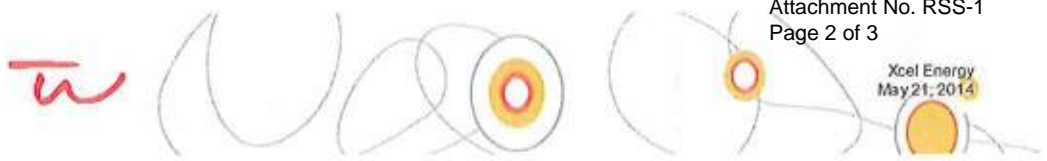
In setting client trend assumptions, Towers Watson looks at a variety of sources including surveys (carrier-specific, Towers Watson, other industry sources), macroeconomic factors and indices, and our knowledge and experience within the marketplace. We do not use the client's historically observed trends to set the future trend assumptions. However, in determining where to set a client's trend assumption, we do look at the overall features of the client's benefit plan and what (if any) programs it has in place to manage costs. As our published surveys indicate, trend experience by companies can vary significantly based upon the degree to which companies manage costs. There are high performing companies which consistently see trends in the low single digits (1%-4%) without shifting costs to employees via plan or contribution changes while other companies are still experiencing trends of 9%-10% or more.

Medical Trend

Trend Components

Medical underwriting trend encompasses several components. It is not solely the price inflation for a given medical service unit. The components found in trend include the following:

- 1) **Unit price inflation:** Annual price inflation for a fixed "market basket" of services
- 2) **Technology and Intensity:** The additional cost of newer, more expensive technology and services (advanced imaging, advancements in prescription drugs, etc).
- 3) **Utilization:** Greater use of medical services over time. Driven by an aging population and the availability of greater medical technology.
- 4) **Cost-shifting:** Typically occurs as a result of costs being held down (fixed fee schedules for government programs such as Medicare and Medicaid) which are passed on to private payers, notably employer-sponsored medical plans.
- 5) **Plan Design Leveraging (high deductible plans):** When plans with high member cost sharing (such as deductibles >\$1,000) don't periodically increase their fixed cost elements (deductibles, out-



of-pocket maximums), they tend to experience a "leveraged" (higher) trend due to medical trend pushing more people above deductibles and out-of-pocket maximums each year.

The factors above in large part explain why observed medical trends have exceeded historical CPI increases by a significant margin. Currently, medical trends are still roughly twice the rate of CPI.

Medical Trend Surveys

The table below illustrates recent estimates of trend estimates for 2014 based on National carriers survey:

2014 Trend Surveys (assuming no plan changes)

	Medical Trend	Rx Trend	Notes
National Carriers			
National A	No Response		
National B	6.0% to 9.1%	8.8%	The low estimate medical trend is for HSA; the high end is for PPO. Estimates do not include the effect of plan design leveraging. Trend estimates cited are a national average; Midwest trend estimates are generally slightly lower.
National C	10% (paid claims)	8.5% (paid claims)	Plan design leveraging expected to add 0.7% to medical trend and 1.1% to Rx trend
Towers Watson 19th Annual NBGH Survey			
Survey Average (all industries)	Approx 6.4% (medical and Rx)		Health care cost trend rates remain double the rate of inflation.
Energy and Utilities	Approx 6.6% (medical and Rx)		

Survey Observations

Wide ranges exists medical trend reported by National carriers – from 6% - 10%. There is more consistency in pharmacy trend, it ranges from 8.5% - 8.8%.

Health Care Spending Growth Hits 10-year high (USA Today – April 1, 2014)

- Health care spending rose at the fastest pace in 10 years in the 4th quarter of 2013, rising at an annual rate of 5.6% according to the Bureau of Economic Analysis
- There is expected to be long-term upward pressures on healthcare costs, such as the growth of expensive high-tech treatments.
- The improving economy (with lower employment) is also cited as another potential cost pressure as more individuals gain access to benefits
- Expiring patents in 2011 and 2012 with increased generic drugs availability had kept drug trends down. The previous fall in drug inflation is expected to be reversed as there are fewer patents expiring in the next two years.
- CMS expects health spending to rise 6.1% in 2014, up from about 4% in 2013.

Towers Watson Medical Trend Assumption

For Xcel Energy's 2015 medical pricing, Towers Watson is using a 7% trend assumption for both medical and prescription drugs. This is consistent with what was assumed last year for 2014 pricing. The medical trend assumption was reduced from 8% to 7% in 2012 as part of the 2013 pricing process.

We believe a 7% trend assumption for medical and prescription drug claims is a reasonable assumption which is consistent with the overall health care marketplace. The survey results above also suggest our trend assumption to be reasonable.

Dental Trend

Trend rates for dental plans have historically been as lower than medical trends with less volatility. The primary reasons for lower dental trends are as follows:

- 1) Dental benefits cost significantly less than medical benefits. Since there is very little potential for a catastrophic dental cost, there is a practical limit on how much an individual can incur in dental expenses.
- 2) Dental plans almost always have limited maximum benefits (\$1,000 to \$2,000 annual maximum for non-orthodontic services, \$1,500 to \$2,500 lifetime maximum benefits for orthodontia).
- 3) Dental trend does not have as many components as medical trend. The majority of dental trend is related to basic inflation, with some adjustments for advancements in dental procedures. Therefore, dental trends have tended to be slightly higher than overall CPI whereas medical trends have typically been twice as high (or more) than CPI.

Towers Watson Dental Trend Assumption

For 2015 pricing, Towers Watson recommends a trend rate of 4%, a decrease from the 5% assumed in past years. Based upon information provided from some dental carriers, current market trends are in the range of 3.5% to 4.0%.



Colorado

Department of Personnel
& Administration

Annual Compensation Survey Report for FY2014–15

August 1, 2013

**Kathy Nesbitt, Executive Director
Kara Veitch, Deputy Executive Director**

**Deborah Layton-Root,
Statewide Chief Human
Resources Officer**



Colorado

Department of Personnel
& Administration

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INTRODUCTION & SURVEY PROCESS

INTRODUCTION

The Department of Personnel & Administration (Department), Division of Human Resources (Division) conducted its FY 2014-15 annual compensation survey as mandated by C.R.S. 24-50-104 (1)(a)(II) and 24-50-104 (4)(c). The primary purpose of the annual compensation survey is to determine market competitiveness and potential adjustments to two major components of total compensation: employee salaries and employer contributions to group benefit plans.

The State of Colorado's policy is to provide competitive total compensation to employees in the State Personnel System to ensure the recruitment, motivation and retention of a qualified and competent workforce.

State of Colorado (State) statute requires that the State Personnel Director (Director) submit recommendations and estimated costs to the Governor and Joint Budget Committee of the General Assembly. This report is a summary of findings based on the current market survey. While the findings in this report are considered, the Director's recommendations are defined in a published letter separate from this report. All changes resulting from the Director's recommendations are based upon the survey report and system studies included in the annual compensation survey for implementation on July 1, 2014.

The State's policy is to provide employees competitive pay and group benefit plans that are consistent with prevailing practices and provide a competitive package designed to recruit, reward and retain a qualified workforce. The Director's priorities are as follows:

- i. Establish overall pay and benefits consistent with prevailing practices within the market;
- ii. Move employees in the workforce whose salary is below market toward midpoint; and
- iii. Reward employees in the workforce who are meeting or exceeding performance expectations.

In FY 2013-14, the State funded a number of total compensation adjustments that were intended to further the Director's priorities. First, the State implemented a two percent across-the-board increase for nearly every State employee. In addition, an average 1.6 percent merit increase was applied based on priorities set out by the Director. The merit pool funding, which was made possible by HB 12-1321, rewards high-performing State employees and is consistent with prevailing practices in the market. Finally, all State employees' share of health insurance premium costs were reduced in FY 2013-14.

A summary of the survey process findings are highlighted in the body of this report. The summary of findings in the salary survey for employees in the State Personnel System can be found on [page 7](#).

Overall, the Division found the State to be slightly under market by 3.8 percent when the State's salary midpoint is compared to public and private market salary midpoints (within the competitive range of +/- 7.5 percent). This metric, which estimates the weighted average budget dollars necessary to reach market, is comparable to the 7.2 percent estimate the Department provided in its November 1, 2012 Director's Update letter.

In prior years, the Department has also estimated the weighted average percent that would need to be applied to each job class to obtain parity with the market. Using the March 31, 2013 analysis completed by The Segal Company (Segal), the Department estimates that the State lags the market by 6.32 percent using this metric. In last year's letter, the Department reported that the State lagged the market by 9.2 percent.

INTRODUCTION & SURVEY PROCESS

SURVEY PROCESS

Under the direction of the Department, the Division contracted with Segal to conduct the FY 2014-15 annual compensation and benefits survey. Segal is one of the nation's leading firms for benefit, compensation and human resources consulting.

Segal's study evaluated the market competitiveness of State of Colorado salaries, benefits and leave practices. The survey included a comparison of:

- The State's historical 176 benchmark jobs (salaries) and an additional 77 benchmark positions - a total of 253 benchmark jobs, representing 79 percent of the State's classified employee population. The majority of the additional benchmarks are matches to professional positions that have been incorporated into the General Professional Class Series.
- Market salary comparisons at the 10th, 50th and 90th percentiles to State salaries (new).
- Paid leave, including vacation, sick, holiday and personal days (new).
- Market comparisons of health benefits, plan design and costs (medical, dental and vision).

Pursuant to C.R.S. 24-50-104 (4)(a), the annual compensation survey is based on an analysis of surveys published by public or private organizations that include a fair sample of public and private sector employers. Three primary third-party survey sources were utilized to conduct the FY 2014-15 compensation survey: Mountain States Employers Council (MSEC), Towers Watson (TW) and the National Compensation Association of State Governments (NCASG). Supplemental survey sources include the Economic Research Institute (ERI), WorldatWork (W@W) and Segal Company ([Appendix A](#)).

Not all survey publications, or their participants, use the same effective date for collecting data. In order for all survey data to have a common effective date, pay rates and benefit premiums are projected (aged) by applying relevant trend factors:

- All salary rates reported in the market were aged to March 31, 2013 (the effective date of internal data used). To project data to March 31, 2013, Segal adjusted survey data based on the cost of labor at the State level using ERI's Geographic Assessor. Data was aged by 1.29 percent to March 31, 2013 based on the W@W 2012-13 Salary Budget Increase Report. Detailed information can be found in [Appendix B](#).
- All medical and dental benefit premium rates reported in the market were aged to July 1, 2013. To project the data, the Division used the *2012 Segal Health Plan Cost Trend Survey*, *MSEC 2013 Health & Welfare Plans Colorado & Wyoming* and *Kaiser 2012 Employer Health Benefit Survey*. To project market premium rates, benefits cost increase trend factors ranged from 7.6 to 8.6 percent for medical plans and four percent for dental plans. Surveys were used for the collection and comparison of data on group benefit plans of public and private sector employers within Colorado. Data from this survey is used to analyze plan premiums, employer and employee cost sharing, and plan design features.

Nineteen published surveys were used for the collection of salary data from public and private sector employers in Colorado and state governments across the central and western regions ([Appendix A](#)). The ERI geographic assessor was used to adjust out-of-state data based on geographic differentials in average wage and income levels.

INTRODUCTION & SURVEY PROCESS

The Department participates in public and private surveys so that it may receive the results of those surveys for all participants. This data is then incorporated into the State's analysis and provides the following:

- Benchmark jobs that are used to compare the State's salary data to the market. Benchmarks are comparable to jobs commonly found in the marketplace, and therefore form a basis for comparison for the State's internal pay relationships.
- Segal worked collaboratively with the Division to compare job summaries from surveys to the State's position descriptions in order to verify job duties and determine comparable benchmark job matches.
- Once survey data was collected and compiled for analysis, another review was conducted to ensure the validity of benchmark matches and verify the accuracy of data collected. This follows, and is in addition to, the validation of data performed by the third-party organizations conducting the surveys.

The FY 2014-15 salary survey methodology is consistent with recommendations in the audit conducted on the annual compensation survey process in 2013 by the Office of the State Auditor (OSA). OSA recommended that in order to ensure State salaries are competitive with the market, the Department should base its annual compensation survey analysis and all subsequent recommendations for salary increases on comparisons of the State system with the prevailing market, which should include a comparison of State actual salaries and midpoints to market actual salaries and midpoints.

Segal conducted their survey at the direction of the Department with several of the OSA audit recommendations in mind. The following changes were made in the survey methodology in response to concerns raised by OSA:

- Increased the number of survey sources;
- Aged the data to a consistent point in time (March 31, 2013);
- Used W@W's Salary Increase Budget Adjustment as the source for projecting salary budget increases;
- De-constructed State job classifications to match market data more specifically.

Some audit recommendations, including the analysis of non-salary compensation (e.g., retirement benefits) will be addressed in future studies. Future audit recommendations include:

1. The Department is in discussions with Colorado Public Employees Retirement Association (PERA) to include the value of retirement benefits to employees in future total compensation reports.
2. The Department will establish a weighting methodology for analyzing public and private market data.
3. The Division will conduct a system maintenance study on the use of generic classifications (e.g., General Professional, Technician/Program Assistant) in order to improve market comparisons and internal alignment.
4. The Division will improve the compensation process by allowing more time for data analysis via aging prior year's data.

SALARY SURVEY FINDINGS

MARKET TRENDS IN SALARY PLANNING & ADJUSTMENTS (SALARY SURVEY)

The Division collected salary budget increase projections from the *W@W 2012-2013 Salary Budget Planning Survey* and the *MSEC 2013 Colorado Benchmark Compensation Briefing* to analyze prevailing market practice for total actual salary increases and planned pay structure for FY 2014-15. Total salary increases are defined as all increases market employers plan for the upcoming year through various compensation programs such as merit, performance, market, longevity, across-the-board, cost of living, and other base and non-base increases to actual salaries. Pay structures are used to establish a range of pay for jobs and generally are not automatically included as part of any salary increase.

Historically, the State has used the Consumer Price Index for all Urban consumers (CPI-U) to reflect salary adjustments. One audit recommendation from OSA published June 2013 was that the State not use CPI-U because the prices for goods and services fluctuate, and do not correspond to pay increases. OSA recommended the State should use the W@W Salary Budget Planning Survey report to determine salary adjustments and merit increases.

Findings from the W@W survey (reported in calendar years) estimate overall salary increase projections at three percent for 2013. Participants in the W@W did not report a median adjustment to salaries in 2012, but did report a mean adjustment of 1.2 percent, and are projecting a 1.5 percent salary adjustment for 2013. In addition, the W@W survey finds that organizations continue to focus on programs that tie performance to pay with merit increases being the most prevalent. W@W states that actual merit budget increases reported in 2012 were three percent and projects 2013 merit budget increases to be three percent.

Findings from the MSEC survey estimate salary increase projections at 2.8 percent for Colorado private and public sector employers in FY 2013-14. Local market trends collected and published by MSEC are historically more conservative than nationwide trends published by W@W.

MARKET DATA COLLECTION

As part of Segal's analysis, job classes were grouped into 29 recommended job families for better comparison. Segal reviewed all 496 jobs within the 29 job families and found individual benchmarks for 253 jobs (up from 176 in FY 2013-14). This represents approximately 79 percent of the population of employees in the State Personnel System, or 22,327 of 28,252 employees as of March 31, 2013 who were submitted to Segal for benchmark review. The Division is considering analyzing the job family structure for future studies.

Segal collected salary data using two central tendencies: actual salary data at the 10th, 50th and 90th percentiles; and actual salary range midpoint data for public and private sectors. In some instances, Segal gathered data for matches to other job classes or suggested more appropriate matches for journey and supervisory level jobs. Because Segal matched job classes to FY 2012-13, they matched to old IT classes; matches are listed in [Appendix C](#). All market rates were adjusted to annual rates for the survey and converted back to monthly figures for the report. Salaries are based on full-time hours for direct comparison to State salaries. All data is projected (aged) based on the reported effective dates of data, by each survey, to reflect the common effective date of March 31, 2013.

Published survey data is reported in various labor market groups including by industry, geographic region and individual organizations in public sector surveys. Data reported by individual organizations

SALARY SURVEY FINDINGS

was summarized into an aggregate format by calculating the reported median (50th percentile) of actual salaries and the reported average (mean) of salary range midpoints. State data was excluded from the aggregate where applicable. For the State Patrol Trooper Classes, individual salary data in the market was summarized by calculating the average of actual salaries reported, as directed by C.R.S. 24-50-104 (1)(a)(III)(A).

Technically and professionally sound compensation industry guidelines were applied, including those recommended by the U.S. Department of Labor, W@W, and the Sherman Antitrust Act, to ensure integrity of all data.

SUMMARY OF BENCHMARK COMPARISONS

Following a review and validation of summary results of each published survey, final market results were combined to conduct individual comparisons of the State's benchmark classes to survey benchmarks. For each benchmark, Segal compared the State's median salary (50th percentile) in relationship to the market aggregate median salary. Detailed salary comparisons for all benchmark classes can be found in [Appendix C](#).

Table A1 provides a summary of the overall difference found across all benchmark comparisons.

Table A1 – Overall Weighted Average Percent for Budgeted Dollars	
State Salaries vs. Market Salaries	
Overall Difference	3.8%
<i>The weighted average of median State salaries compared to median of market salaries</i>	

Table A1 represents the percent growth in budgeted dollars needed to achieve prevailing market salary levels. This finding indicates that, on average, State salaries are in a competitive position with the market. The State has identified salaries as competitive if they are within 7.5 percent (plus or minus) of market levels. A detailed comparison by individual benchmarks provides a comprehensive breakdown versus overall averages ([Appendix C](#)).

Table A2 represents the findings of 253 of the benchmark comparisons. Individual comparisons showing significant differences in the State's salaries in relationship to market salaries for several benchmark classes are highlighted. These classes are considered out of alignment to market as they are either below or above the 7.5 percent (plus or minus) target threshold. It is important to note that even if the overall comparison of State salaries is within the 7.5 percent (plus or minus) target threshold, that comparison alone does not indicate whether salary adjustments are needed. Other factors including, but not limited to, market trends in salary budget planning and projections, economic indicators, individual class differences, and recruitment and retention issues serve as indicators to determine the need for annual salary adjustments.

SALARY SURVEY FINDINGS

Table A2 - Median Salary Comparisons Number of State Benchmarks Above/Below Market		
Percentage Difference	# Above Market	# Under Market
20% or greater	19	26
7.5% to 20%	46	61
Within 7.5%	101	
Total Number of Analyzed State Benchmarks: 253		

The benchmark analysis indicates that there is a need to address misaligned job classes and make adjustments to ensure alignment of internal pay relationships relative to external market pay. These adjustments will provide a sound basis to address inconsistencies in State pay relative to market.

State Patrol Trooper Classes

For State Patrol Trooper Classes, C.R.S. 24-50-104 (1)(a)(III)(A) outlines two provisions for determining prevailing market and adjusting salaries that differ from other classes. First, statute defines the labor market for State Patrol Trooper Classes to include the three highest-paid and largest (more than 100 commissioned officers) law enforcement jurisdictions within Colorado. The trooper market in this year's survey is compared to the City and County of Denver (Career Service Authority), City of Loveland and the City of Lakewood. Second, salary adjustments for the State Patrol Trooper Classes are to be at least 99 percent of the actual average salary provided in the defined market.

Benchmark comparisons for the State Patrol Trooper Classes are provided in Table A3. The percent reflects the adjustment needed to reach 99 percent of the market average salaries. Insufficient data was reported by the defined market for State Patrol Intern and State Patrol Trooper III and are not included in the summary.

Table A3 - Comparison of State and Market Salaries for State Patrol Trooper Classes	
State Patrol Trooper Classes	State Salaries vs. Market Salaries ¹
State Patrol Trooper	30%
State Patrol Supervisor	7%
State Patrol Admin I	11%
State Patrol Admin II	8%
¹ Weighted average of State salaries compared to 99 percent of weighted average of market salaries	

Salary data in the market for trooper class comparisons is volatile because of the limited number of jurisdictions included in the statutorily defined market for the State Patrol Trooper Classes. Moreover, jurisdictions meeting the market definition are subject to change each year.

MERIT PAY AND PRIORITY GROUPS

All public employers and private businesses operate on the basis of employing individuals with a broad range of experience and skills, which translates to a workforce that is evenly distributed across quartiles of pay ranges and positioned for professional growth. In FY 2013-14, the State moved toward a merit-based approach, as authorized by HB 12-1321. This approach provides an annual compensation system designed to recognize performance and placement within the pay range. It affords lower paid, yet high-performing employees greater opportunity to work toward the midpoint of the range. Merit pay does not

SALARY SURVEY FINDINGS

replace the market adjustment (salary survey) increase. Merit pay can be a combination of base and non-base increases, and is based upon placement in market, placement in range and performance.

Awards of merit pay are based upon priority groups. The priority groups for merit pay increases are based upon employee performance and placement within the pay range as detailed in Table A4 (A is the highest priority level for funding; J is the lowest priority level for funding).

Table A4 – Priority Groups for Merit Pay Increases					
Performance Rating	Quartile 1 0-24.99%	Quartile 2 25-49.99%	Quartile 3 50-74.99%	Quartile 4 75-100%	> Quartile 4 >100%
L3 –Exceptional	A	B	C	D	E
L2 –Successful	F	G	H	I	J
L1 –Needs Improvement	Not Eligible	Not Eligible	Not Eligible	Not Eligible	Not Eligible

SUMMARY OF SALARY SURVEY FINDINGS

Overall, the comparison of the State’s actual salaries in relationship to market salaries indicates that the majority of classes benchmarked are within the 7.5 percent target threshold. The percent growth on the budgeted dollars is approximately 3.8 percent.

Employees at the State of Colorado are grouped into eight occupational groups ([Appendix C](#)). All but one occupational group are within the competitive range of the 7.5 percent target threshold of the weighted average budget dollar difference. The only occupational group that is outside (under) the 7.5 percent target threshold is the Administrative Support Occupational Group.

The Division conducted a system maintenance study in FY 2013-14 for the Corrections Case Manager and Correctional Youth and Clinical Security Officer series ([Appendix D](#)). The Department's analysis is pending review and verification by the Department and its consultants.

Segal found that the General Professional Class Series is too broad to effectively match market positions. As such, Segal established job families; the Division will be studying this concept in FY 2014-15. Segal also found that the Program Assistant and Technician Series may also be too broad to effectively match market positions and the internal relationship with the General Professional Class Series. Therefore, the Division will be conducting a system maintenance study on these classes for FY 2014-15.

GROUP BENEFIT FINDINGS

GROUP BENEFIT PLANS

To determine prevailing market rates for FY 2014-15, the Division collected market data on FY 2013-14 market trends and practices in medical, dental, life, short term disability (STD) and long term disability (LTD) benefits, pension benefits for comparison of plan-costs and cost-sharing features. Depending on the benefit area and data availability, the comparison includes, but is not limited to, premium rates, the employer and employee share of contributions toward premiums, and cost-related features of plan options, such as member deductibles and out-of-pocket maximums. Cost-sharing data and plan design features were used to measure the competitiveness of the State's group benefit plans as compared to the prevailing market, and were also used to support decisions on the future designs of cost-effective plan options.

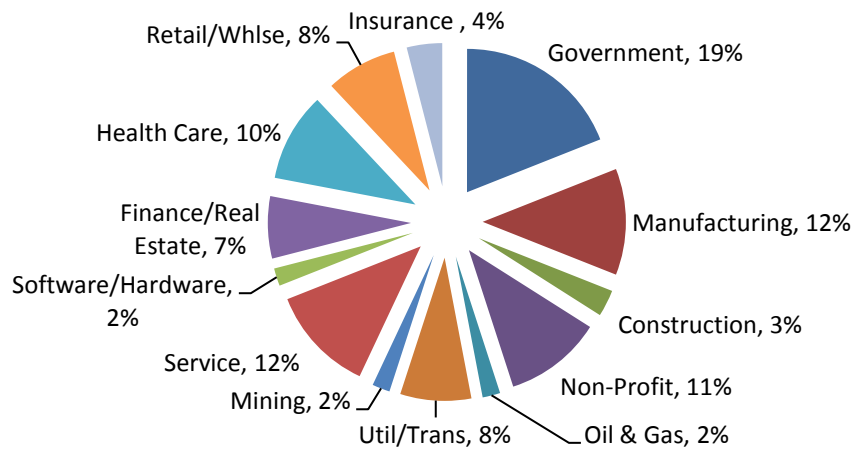
To determine prevailing market, the Division contracted with Segal to conduct a benefits survey and a comparison of the State's leave benefits to market. For the benefits survey, Segal used information provided by employers of all sizes, regardless of benefit plans, who submitted their benefit information to the MSEC *Health & Welfare Plans Colorado & Wyoming* and the Kaiser *2012 Employer Health Benefits Survey*. Employers in the studies may provide Preferred Provider Organization (PPO), Health Maintenance Organization (HMO), Point of Service (POS) medical plans, and/or Health Savings Accounts (HSA) for their employees. The State provides PPO and HMO options to its workforce. The average practice for premium contributions or co-pay amounts was used as the prevailing practice for the market. In assessing the prevailing practice for the majority of the organizations in the market, the weighting factor was the number of organizations.

The Division also collected data that monitors healthcare trends that impact overall costs. This includes new laws and regulations, utilization, claims, and other practices that are used to project increases in premium rates and employer costs to market and State's plans. Cost increase trends are used to project all benefit data to a common point in time – the new benefit plan year, which begins on July 1, 2013. Segal reports in its *2012 Segal Health Plan Cost Trend Survey Report*, a medical cost increase trend between 7.9 percent and 8.6 percent. An overall trend projection of 8.5 percent for medical and four percent for dental were the basis used to compare the State to the market.

Data on market premiums, the employers' share of premiums and the related cost-sharing design features of benefit plans were collected from the MSEC *2013 Health & Welfare Plans Survey*. The survey represents the practices of 594 Colorado private and public sector employers. Figure 1 shows the industries of the survey participants. Medical and dental insurance cost increase trend information on market practices was collected from the *2012 Segal Health Plan Cost Trend Survey*.

GROUP BENEFIT FINDINGS

Figure 1 - Participating Organizations
Industry Type (594 Organizations)



MEDICAL PLAN – SUMMARY OF FINDINGS

To compare with the market, the Division used Segal's *2012 Health Plan Cost Trend Survey*, MSEC's *2013 Health and Welfare Plans for Colorado & Wyoming* and Kaiser's *2012 Employer Health Benefits Survey*. The State's medical plan includes a self-funded, co-pay option and a High Deductible Health Plan (HDHP) option, which includes an HSA option, administered by United Health Care (UHC). Additionally the State offers two fully-insured HMO options including a co-pay option and a HDHP option, that includes an HSA option, through Kaiser Permanente.

The State provides a four-tier premium schedule for coverage of the employee, employee plus spouse, employee plus children and employee plus family. Based on data collected in the MSEC survey (Table B1a), the State compares favorably with market employers by offering both PPO and HMO programs to the State workforce. Table B1b shows the July 2013 enrollment summary of active State employees. State employees show a slightly lower enrollment in the PPO plan options, than in the HMO options.

Table B1a - Types of Health Coverage Offered by Market	
Types	Percentage of Participants
Preferred Provider Organization (PPO)	53%
EPO	2%
HDHP	19%
Health Maintenance Organization (HMO)	18%
Group Indemnity	1%
Point of Service (POS)	7%

GROUP BENEFIT FINDINGS

Table B1b - July 2013 State Classified Workforce Enrollment (w/o University of Colorado)					
Plan	EE Only	EE & Spouse	EE & Children	Family	Total
KP-HDHP	762	149	192	301	1,404
KP-CoPay	6,268	1,252	2,815	1,953	12,288
<i>KP Subtotal</i>	7,030	1,401	3,007	2,254	13,692
UHC-HDHP	2,204	594	839	1,266	4,903
UHC-CoPay	3,964	1,118	1,514	1,183	7,779
<i>UHC Subtotal</i>	6,168	1,712	2,353	2,449	12,682
Classified Workforce	13,198	3,113	5,360	4,703	26,374

- 2012 Segal Health Plan Cost Trend Survey Report
- Note: 5,608 classified staff waived out of the medical program

As shown in Table B2, the State's employer percent contribution (or "ER Percent Contrib.") for all tiers are generally lower than market. On average in FY 2013-14, the State contributed slightly less than the market share of premium overall, which is 80 percent employer share of costs to 20 percent employee share of costs.

The State continues to lag prevailing market employer share of medical contributions for FY 2013-14 (see "ER\$ Contrib." in Table B2). Some of the funding reserve from the State's benefit program was used to supplement the premium contribution for State employees – this allowed employee contributions of premiums to decrease for all tiers and plans in FY 2013-14. FY 2013-14 *Segal Benefits Trend Survey* indicates an overall 8.5 percent increase in benefit cost. If this percent increase were applied to State benefits rates, it would place State benefits rates above current market costs of benefits in FY 2014-15. Because State utilization trends have been flat for two years, the Department anticipates no increases to employee contribution for medical or dental benefits in FY 2014-15.

Table B2 – FY 2013-14 Medical Rates Comparison w/8.5% Segal Trend to Market							
Market with 8.5% Trend Applied	Market Total Premium	Premium Tier Ratio	ER\$ Contrib.	ER Tier Ratio	ER Percent Contrib.	EE \$ Contrib.	EE Tier Ratio
EE Only	\$ 567.23	1.0	\$ 491.30	1.0	87%	\$ 75.93	1.0
EE + SP	\$ 1,278.53	2.3	\$ 1,036.18	2.1	81%	\$ 242.36	3.2
EE + CH	\$ 1,048.42	1.8	\$ 870.58	1.8	83%	\$ 177.84	2.3
Family	\$ 1,598.57	2.8	\$ 1,244.68	2.5	78%	\$ 353.89	4.7
Colorado (weighted avg)	Total Projected Premium	Premium Tier Ratio	ER\$ Contrib.	ER Tier Ratio	SOC Percent Contrib.	EE \$ Contrib.	EE Tier Ratio
EE Only	\$ 505.46	1.0	\$ 434.10	1.0	86%	\$ 71.36	1.0
EE + SP	\$ 1,042.86	2.1	\$ 762.60	1.8	73%	\$ 280.26	3.9
EE + CH	\$ 961.91	1.9	\$ 795.66	1.8	83%	\$ 166.25	2.3
Family	\$ 1,483.07	2.9	\$ 1,080.90	2.5	73%	\$ 402.17	5.6

- 8.5 percent increase was applied based on 2013 Segal Health Plan Cost Trend Survey
- Note: Does not include fund balance contribution

GROUP BENEFIT FINDINGS

The State's medical plan options provide typical and prevailing coverage that include inpatient care, office visits, psychiatric care, substance abuse programs, prescription drugs, outpatient surgery, home healthcare, hospice, baby care, annual physical, nurse line, maternity management, chiropractic, first-dollar preventive care, chronic disease management and pre-taxed flexible spending accounts. Overall, the State's medical plan options show a mixed comparison with the market in terms of basic cost-sharing features such as deductibles, out-of-pocket maximums, co-pays, and deductibles with prescriptions (Table B3). On average, the State has lower deductibles for network services and out-of-pocket maximums. In general, State employees have lower co-pay amounts for prescriptions at the pharmacy and higher co-pay amounts through mail-order services. The Division will be reviewing the State's medical plan design during the next request for proposal (RFP) process.

Table B3 – FY 2013-14 Basic Plan Coverage (HDHP)				
Core Benefit	Tier	Market	State	Difference
In-Network Deductible	Employee	\$1,977.00	\$1,350.00	(\$627.00)
	Family	\$3,734.00	\$2,700.00	(\$1,034.00)
In-Network Maximum Out-of-Pocket Cost	Employee	\$3,336.00	\$2,750.00	(\$586.00)
	Family	\$6,900.00	\$5,500.00	(\$1,400.00)
Co-Pay for an office visit	Employee	\$32.00	\$0.00	(\$32.00)
Average Co-Pay at the Pharmacy		Market	State	
Tier 1		\$11.00	\$10.00	(\$1.00)
Tier 2		\$26.00	\$33.00	\$7.00
Tier 3		\$53.00	\$50.00	(\$3.00)
Tier 4		NA	NA	
Average Co-Pay for Mail Order				\$0.00
Tier 1		\$22.00	\$23.00	\$1.00
Tier 2		\$60.00	\$71.00	\$11.00
Tier 3		\$110.00	\$125.00	\$15.00
Tier 4		NA	NA	

Changes in healthcare that will impact medical plans and costs for the State and other market employers include provisions to the Patient Protection and Affordable Care Act (PPACA) and the Health Care and Education Reconciliation Act of 2010 (HCERS), collectively referred to as the Affordable Care Act (ACA). These changes will be phased in over the course of the next eight years. In order to be in compliance with all regulations, the Department will monitor and report estimated costs when regulations are issued.

GROUP BENEFIT FINDINGS

DENTAL PLAN – SUMMARY OF FINDINGS

For FY 2014-15, the State has two self funded PPO dental plan options: Delta Dental Basic and Delta Dental Plus. Based on the FY 2013-14 survey findings and recommendations, the Department enhanced its dental programs by expanding the network to allow better access to in-network services to employees, particularly employees in rural areas. Combining both plan options (Basic and Plus), the State's overall weighted average for state contribution is higher than the market ("ER\$" column in Table B4).

Table B4 – FY 2013-14 Dental Rates Comparison w/4% Segal Trend to Market							
Market w/4% projection	Total	Premium Ratio	ER\$	ER Ratio	ER\$ Percent	EE \$	EE\$ Ratio
EE Only	\$33.09	1.0	\$18.04	1.0	55%	\$15.05	1.0
EE + Spouse	\$63.97	1.9	\$30.32	1.7	47%	\$33.65	2.2
EE + Child(ren)	\$72.78	2.2	\$30.71	1.7	42%	\$42.07	2.8
Family	\$101.63	3.1	\$46.72	2.6	46%	\$54.90	3.6
Colorado Basic	Total	Premium Ratio	ER\$	ER Ratio	SOC Percent	EE \$	EE Ratio
Employee Only	\$30.20	1.0	\$25.92	1.0	86%	\$4.28	1.0
Employee + Spouse	\$58.38	1.9	\$42.62	1.6	73%	\$15.76	3.7
Employee + Child(ren)	\$61.20	2.0	\$46.44	1.8	76%	\$14.76	3.4
Family	\$89.36	3.0	\$62.22	2.4	70%	\$27.14	6.3
Colorado Basic Plus	Total	Premium Ratio	ER\$	ER Ratio	SOC Percent	EE \$	EE Ratio
EE Only	\$44.30	1.0	\$25.92	1.0	59%	\$18.38	1.0
EE + Spouse	\$86.54	2.0	\$42.62	1.6	49%	\$43.92	2.4
EE + Child(ren)	\$90.76	2.0	\$46.44	1.8	51%	\$44.32	2.4
Family	\$133.02	3.0	\$62.22	2.4	47%	\$70.80	3.9

GROUP BENEFIT FINDINGS

Cost-sharing features are compared and summarized in Table B5. The Division compared the average of PPO dental plans reported in the market to both of the State's PPO dental plan options. The State's dental plan options provide typical and prevailing coverage that include diagnostic and preventive services. Basic services include restorations, periodontal treatment, root canal therapy and extractions. Major services include crowns, bridges, dentures and orthodontia.

Table B5 – FY 2013-14 Dental Plan Benefit Options & Cost – Sharing Features			
Types of Dental Plans Offered	<u>Market</u> % of Organizations Providing Plan	<u>State</u> Plan Offered	
Dental PPO	87%	Yes	
Dental HMO	11%	No	
Group Indemnity	9%	No	
Maximum Benefit (Per person per year)	PPO Plans	Basic	Basic Plus
\$1,000	24%	\$1,000	--
\$1,200-\$1,250	7%	--	--
\$1,500	52%	--	--
\$2,000	12%	--	\$2,000
Maximum Lifetime Orthodontic Benefit (Per person) - Median	\$1,500	N/A	\$2,000
Miscellaneous Plan Features (Most common)	PPO Plans	Basic	Basic Plus
Deductible applies to basic & major coverage, but not preventive	76%	Yes	Yes
Orthodontics covered for children	79%	No	Yes
Orthodontics covered for adults	26%	No	Yes

- Data Collected from 2013 Mountain States Employer Council Health and Welfare Plan Survey

GROUP BENEFIT FINDINGS

LIFE INSURANCE AND ACCIDENTAL DEATH & DISMEMBERMENT (AD&D)

The Division collected data from the MSEC survey to compare the basic life and AD&D insurance benefits provided by market employers, including common practices relative to the share of premiums paid by the employee and employer and value of the benefit. Detailed comparisons are provided in Table B6.

Overall, basic life and AD&D insurances remain stable as reported by MSEC. The most common practice (97 percent of large employers offering a policy) is for the employer to pay 100 percent of the premium costs for the plan. The State provides 100 percent State-paid basic life insurance and AD&D of \$50,000 to all employees at a cost of \$8.76 per month, per employee. Generally, the market offers this type of coverage in terms of factors of an employee's salary which range from anywhere between one and two times the employee's salary. The most common practice, however, is to offer this coverage at a level equivalent to the employee's salary. Table B6 shows the comparison of the equivalent dollar value using the market multiplier based on the State's average annual salary. The average market basic life coverage is approximately \$65,000, which is higher than the State's current basic life coverage of \$50,000.

TABLE B6 – FY 2013-14 BASIC LIFE AND ACCIDENTAL DEATH & DISMEMBERMENT INSURANCE		
	<u>Market</u> % of Organizations Providing Plan	<u>State</u> Plan Offered
Life Insurance Offered as a Benefit	97%	Yes
Premium Costs - Paid by Employer		
Basic Life Insurance	Yes	Yes
Basic Accidental Death & Dismemberment	Yes	Yes
Value of Basic Life Insurance		
Provided as a specific dollar (\$) amount	30%	Yes
Average value including the following practices	\$65,065	\$50,000
Provided as a multiple of annual base salary	% of Organizations Providing Plans	Average \$ Value if State Offered*
1x base salary	31%	\$51,059
1.5x base salary	11%	\$76,589
2x base salary	19%	\$102,118

- Value estimated using the State's average annual salary of \$51,059, effective May 2013

GROUP BENEFIT FINDINGS**SHORT-TERM DISABILITY INSURANCE (STD)**

Currently, the State provides STD insurance at no cost to employees for the purpose of protecting employees' income. This insurance pays up to 60 percent of pre-disability income for up to 150 days following a required 30-day waiting period. Table B7 details the State and market comparison. The State's STD benefit is comparable with the market, with State employees having to use their leave accrual to cover the first 30 days. The MSEC survey does not provide market information pertaining to the waiting period. The State's STD rate is increasing this year from 0.19 to 0.22 percent of salary.

TABLE B7 – FY 2013-14 SHORT-TERM DISABILITY INSURANCE		
	<u>Market</u>	<u>State</u>
	% of Organizations	Plan Offered
	Providing Plan	
STD Offered as a Benefit	66%	Yes
Premium Costs - Paid by Employer	77% - Yes	Yes
Maximum Weekly Benefits		
Average maximum dollars	\$1,250	NA
Specific maximum percentage	Median 60%	60%
Duration of STD Benefits		
8 Weeks (2 months)	2%	150 days following the required 30-day waiting period.
11 weeks	18%	
13 Weeks (3 months)	38%	
22 Weeks (5 months)	0%	
26 Weeks (6 months)	24%	
52 Weeks (1 year)	1%	
Market Average Weeks	N/a	

- Based on MSEC Health and Welfare Plan Survey 2013

LONG-TERM DISABILITY INSURANCE (LTD)

Currently, the State does not provide LTD insurance as a paid benefit. Ninety percent of Colorado market employers included in the MSEC survey provide this benefit to their employees. Eighty-two percent of them provide LTD benefit plans at no cost to their employees, and 15 percent of the market employers have their employees pay 100 percent of the total insurance premium cost. Sixty-five percent of the employers require a 90 day (3 month) elimination period, after one becomes totally disabled, before the LTD benefits begin. Like the State's STD benefits plans, 72 percent of employers have policies that offer 60 percent of salary during the total disability period. Currently, the State, through the Defined Benefit (DB) program with PERA, has a LTD benefit program for vested employees (employees with five years or more of PERA service) who retire with a long-term disability. As the average age of the State workforce is older than the market in Colorado, the State may pursue this benefit as a competitive tool to recruit and retain a qualified workforce.

PATIENT PROTECTION AND ACCOUNTABILITY ACT (PPACA)

The State of Colorado contracted with Segal to conduct an audit of the State's compliance with the provisions detailed in the PPACA. The audit's preliminary findings indicate that a small number of

GROUP BENEFIT FINDINGS

individuals previously considered part-time, now meet the full-time requirements to qualify for ACA. At the time of this report, this is not a significant number and will not have an impact on overall costs of benefits. More will be reported as the audit is finalized (August 2013).

COLORADO PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA)

State employees have retirement benefits through PERA rather than Social Security. Newly hired State employees have a choice of two basic retirement plans: the Colorado PERA Defined Benefit Plan or the Defined Contribution Plan. For FY 2014-15, the State will pay 10.15 percent toward an employees' PERA pension plans;¹ State employees contribute eight percent. As a result of legislation, the State, as a PERA employer, pays an incremental percentage increase each year toward the Amortization Equalization Disbursement (AED) and the Supplemental Amortization Equalization Disbursement (SAED).

In response to a request for information (RFI) issued by the Joint Budget Committee (JBC), the State of Colorado is in discussions with PERA to include the value of retirement benefits to employees in the total compensation report. The Department is currently working within the scope of its statutory authority and current resources to gather, analyze and present information to the JBC. Additional analysis beyond this will likely require additional funding or spending authority. The Department plans to include PERA benefits in the Annual Compensation Report for FY 2015-16 (August 1, 2014 report).

As shown in Table B8, employers are offering employees different types of retirement plans in addition to market employers' contribution of 1.45 percent of salary toward Medicare and 6.2 percent of salary towards Social Security (total of 7.65 percent) as shown in Table B9. This table compares the employer contribution percentages in employees' pension packages between the State and its competitive market. Note that the State's contributions in this table include the percent contributions necessary to maintain the solvency of the State's retirement fund for prior obligations as well as the contributions necessary to fund the current workforce's retirement benefits. Altogether, the State contributes a higher payroll amount toward its employees pension benefits (Table B9).

Social Security is part of the retirement plan for roughly 96 percent of American workers. Taxes are withheld from payroll for Social Security (6.2 percent) and Medicare (1.45 percent).

TABLE B8 - Retirement Plans		
Type of retirement plan offered	Market	State
No	1%	
401k	69%	X
403b	14%	
457b	23%	X
401a plan/money purchase	18%	
Defined Benefit	18%	X
Other	13%	
PERA	4%	X

¹ Note that the 10.15% contribution rate here refers to general state government. Other PERA contribution rates can apply to different groups including, but not limited to, State Troopers and some employees in the Judicial Branch.

GROUP BENEFIT FINDINGS

TABLE B9 – FY 2013-14 Total Percent Employer Contribution		
Components of Pension Benefits	Market	State
Social Security	6.20%	NA
Medicare	1.45%	1.45%
DB/DC Contribution	NA	10.15%
AED for PERA	NA	3.60%
Average Tax Deferred Matching	4.45%	NA
Total Contribution from Employer	12.10%	15.20%

LEAVE BENEFIT COMPARISON

New to the FY 2014-15 Annual Report is a comparison of State leave benefits to market. The next series of tables details the comparison of State leaves including annual, sick, holiday, personal, bereavement, jury duty, Family Medical Leave (FML) and Military Leave to market. Survey sources include Towers Watson Employee Benefit Policies and Practices, Compensation Data Surveys Benefits USA 2012/2013, The National Survey of Company Benefits Programs and Policies, BLR Benchmark Benefit Survey, World at Work Time Off Survey and the Bureau of Labor Statistics State & Local Government Workers National Compensation Survey.

Table C-1 shows that the State is equivalent to market for the number of annual leave days allowed by year.

C-1 Vacation/PTO Accrual (Days per Year) Average Number of Days Provided by Years of Service				
Data Source	1 year	5 years	10 years	20 years
Towers Watson Employee Benefit Policies and Practices				
For-Profit Organizations	10	15	18	22
Non-Profit Organizations	13	16	19	22
Average	11.5	15.5	18.5	22
WorldatWork Time Off Survey All Survey Respondents	12	16	17	22
BLS State and Local Government Workers, National Compensation Survey	12	16	18	22
Overall Average	11.8	15.8	17.8	22
State of Colorado	12	15	18	21
Difference	0.2	-0.8	0.2	-1.0

GROUP BENEFIT FINDINGS

Table C-2 outlines the State of Colorado sick leave compared to market. The data indicates the State sick leave is slightly below market, however not significantly. As for holidays and personal leave days, the State is competitive with holidays at 10 days per year. However, the State lags the market with no personal holidays offered, compared to the market average of 2.75 days per year (Table C-3a and C-3b).

C-2 Sick Leave Accrual (Days per Year)				
Average Number of Days Provided by Years of Service				
Data Source	1 Year	5 Years	10 Years	20 Years
Towers Watson <i>Employee Benefit Policies and Practices</i>				
For-Profit Organizations	8	11	11	11
Non-Profit Organizations	11	12	12	12
Average	9.5	11.5	11.5	11.5
WorldatWork <i>Time Off Survey</i>				
All Survey Respondents	9	9	9	9
BLS <i>State and Local Government Workers, National Compensation Survey</i>				
	11	11	12	12
Overall Average	9.8	10.5	10.8	10.8
State of Colorado	10	10	10	10
Difference	0.2	-0.5	-0.8	-0.8

Table C-3a								
Paid Holidays and Personal Days (days/year)								
Data Source	< 7 days	7 days	8 days	9 days	10 days	11 days	12 or more days	Avg # of Personal Days
Towers Watson								
For-Profit	9.20%	10.50%	15.80%	18.00%	28.50%	11.00%	7.00%	2 days
Non-Profit	21.20%	11.10%	8.10%	15.20%	23.20%	9.10%	12.20%	3 days

GROUP BENEFIT FINDINGS

Table C-3b Paid Holidays and personal (days/year)		
Data Source	Average number of Holidays	Average number of Personal Days
WorldatWork Time Off Survey, Traditional Plans	9.0 days	3 days
BLS State and Local Government Workers, National Compensation Survey	11 days	No data
Average	10 days	2.75 days
State of Colorado	10 days	0 days
Difference	0 days	2.75 days

Bereavement Leave comparisons to market indicates the State offers more leave compared to public and private sector data as indicated in table C-4. The State allows up to 40 hours or more for bereavement, while the market generally allows 3 days (24 work hours).

Table C-4 Bereavement Leave	
Data Source	Average Number of Days
Compensation Data Surveys Benefits USA 2012/2013, The National Survey of Company Benefits Programs and Policies	3.3 days
Bureau of Labor Statistics (BLS) Benchmark Benefit Survey Series	3 days
Average	3.15 days
State of Colorado	Up to 5 days
Difference	Up to 1.85 days

GROUP BENEFIT FINDINGS

Table C-5 compares the State of Colorado jury duty leave as length of duty compared to 68 percent of market as the same (no limit). Thirty-three percent report 10.8 days as the average number of days.

Table C-5 Jury Leave		
Data Source	% Reporting	Average Number of Days
Compensation Data Surveys <i>Benefits USA 2012/2013, The National Survey of Company Benefits Programs and Policies</i>	33.3%	10.8 work-days*
BLR <i>Benchmark Benefit Survey Series</i>	49%	No limit
State of Colorado	NA	Length of Duty
Difference	NA	NA

* 68% of organizations report no limit on the number of paid jury duty days

The State's policy on FML leave grants employees 13 weeks of leave, versus the market, which provides the federally mandated 12 weeks. In addition, the State allows employees to reset their FML leave at the beginning of the fiscal year as opposed to the rolling year in the market. The average number of days offered by participants for market is indicated in Table C-6. Benchmark data would suggest that most market employers use a rolling year.

Table C-6 Family Medical Leave		
Data Source	% Reporting	Average Number of Work Days Offered by Participants
Compensation Data Surveys <i>Benefits USA 2012/2013, The National Survey of Company Benefits Programs and Policies</i>	4.9%	Up to 60 work-days/12-month, rolling year period*
State of Colorado	NA	Up to 65 work-days/12-month, fiscal year period*
Difference	NA	5 work-days

* Up to 130 days in a single 12-month period for military caregiver leave per qualified event

GROUP BENEFIT FINDINGS

The State offers 15 paid leave days per year for Military Leave (see Table C-7), with unlimited unpaid leave for up to five years. The market reports that 64.8 percent of organizations do not limit the number of paid Military Leave days.

Table C-7 Military Leave		
Data Source	% Reporting	Average Number of Days
Compensation Data Surveys <i>Benefits USA 2012/2013, The National Survey of Company Benefits Programs and Policies</i>	17%	69.1 work-days/12 month calendar year*
State of Colorado	NA	15 work-days/12 month fiscal year**
Difference	NA	-54.1 work-days

*64.8% of organizations report no limit on the number of paid military leave days.

**Additional military leave beyond 15 days is unpaid; duration cannot exceed five years, subject to exceptions in federal law.

APPENDIX A – THIRD-PARTY SURVEYS

THIRD-PARTY SURVEYS

Organization	Publication	Component(s)
Economic Research Institute (ERI)	Geographic Assessor Report	Salary
Mountain States Employers Council (MSEC)	2012 Colorado Benchmark Survey	Salary
Mountain States Employers Council (MSEC)	2012 Public Employers Survey	Salary
Mountain States Employers Council (MSEC)	2012 Information Technology Survey	Salary
National Compensation Association of State Governments (NCASG)	2012 NCASG Salary Survey	Salary
Mountain States Employers Council (MSEC)	2012 Health Care Compensation, Summer	Salary
Mountain States Employers Council (MSEC)	2012 Mental/Behavioral Health Survey	Salary
Mountain States Employers Council (MSEC)	2012 Colorado Public Library Survey	Salary
Towers Watson	2012 Towers Watson Survey – Human Resources	Salary
Towers Watson	2012 Towers Watson Survey – Information Technology	Salary
Towers Watson	2012 Towers Watson Survey – Marketing & Communications	Salary
Towers Watson	2012 Towers Watson Survey – Office and Business Support	Salary
Towers Watson	2012 Towers Watson Survey – Professional	Salary
Towers Watson	2012 Towers Watson Survey – Technical Support and Production	Salary
Mountain States Employers Council (MSEC)	2013 Health & Welfare Plans	Benefits
The Segal Company	2012 Health Plan Cost Trend Survey	Benefits Cost Trends
Kaiser	2012 Employer Health Benefits Survey	Benefits
Mountain States Employers Council (MSEC)	2013 Colorado Benchmark Compensation Briefing	Salary Planning
WorldatWork	2012-13 Salary Budget Planning Survey	Salary Planning

APPENDIX B – GEOGRAPHIC DIFFERENTIALS

GEOGRAPHIC DIFFERENTIALS

Because geographic markets are different across the nation, geographic differential factors were collected by referencing the Economic Research Institute's (ERI) *2013 Geographic Assessor Report*. The geographic figures reflect wage and salary differentials by each geographic location (statewide averages).

The geographic figures reflect the average of each state for which salary data were collected from the NCASG survey. For making data comparisons, Colorado is considered to be the base state and all other states are compared to the base.

Survey Source	Geographic Location	Geographic Adjustment	Data Effective Date	Aging Factor
MSEC Colorado Benchmark & IT Private	State of Colorado	100.00%	03/01/2012	101.38%
MSEC Colorado Mental Behavioral Health Private	State of Colorado	100.00%	09/01/2012	100.78%
MSEC Health Care Summer Private	State of Colorado	100.00%	07/01/2012	100.97%
Towers Watson Human Resources	State of Colorado	100.00%	04/01/2012	101.28%
Towers Watson Information Technology	State of Colorado	100.00%	04/01/2012	101.28%
Towers Watson Marketing and Communication	State of Colorado	100.00%	04/01/2012	101.28%
Towers Watson Office and Business Support	State of Colorado	100.00%	02/01/2012	101.48%
Towers Watson Professional	State of Colorado	100.00%	02/01/2012	101.48%
Towers Watson Technical Support and Production	State of Colorado	100.00%	02/01/2012	101.48%
Federal Government	Denver-Aurora-Boulder	100.00%	01/01/2013	100.00%
MSEC Colorado Benchmark & IT Public	State of Colorado	100.00%	03/01/2012	101.38%
MSEC Colorado Public Employers	State of Colorado	100.00%	02/01/2012	101.48%
MSEC Health Care Summer Public	State of Colorado	100.00%	07/01/2012	100.97%
MSEC Public Library	State of Colorado	100.00%	02/01/2012	101.48%
NCASG Salary Survey Public- State of Alaska	Alaska	88.00%	07/01/2012	100.97%
NCASG Salary Survey Public- State of Arizona	Arizona	105.60%	07/01/2012	100.97%
NCASG Salary Survey Public- State of Arkansas	Arkansas	113.10%	07/01/2012	100.97%
NCASG Salary Survey Public- State of Idaho	Idaho	106.20%	07/01/2012	100.97%
NCASG Salary Survey Public- State of Illinois	Illinois	96.30%	07/01/2012	100.97%
NCASG Salary Survey Public- State of Indiana	Indiana	105.80%	07/01/2012	100.97%
NCASG Salary Survey Public- State of Iowa	Iowa	109.30%	07/01/2012	100.97%
NCASG Salary Survey Public- State of Kansas	Kansas	108.90%	07/01/2012	100.97%
NCASG Salary Survey Public- State of Louisiana	Louisiana	108.50%	07/01/2012	100.97%
NCASG Salary Survey Public- State of Minnesota	Minnesota	99.30%	07/01/2012	100.97%
NCASG Salary Survey Public- State of Missouri	Missouri	104.80%	07/01/2012	100.97%
NCASG Salary Survey Public- State of Montana	Montana	114.60%	07/01/2012	100.97%
NCASG Salary Survey Public- State of Nebraska	Nebraska	111.80%	07/01/2012	100.97%
NCASG Salary Survey Public- State of New Mexico	New Mexico	109.60%	07/01/2012	100.97%

APPENDIX B – GEOGRAPHIC DIFFERENTIALS

NCASG Salary Survey Public- State of North Dakota	North Dakota	107.40%	07/01/2012	100.97%
NCASG Salary Survey Public- State of Oklahoma	Oklahoma	112.70%	07/01/2012	100.97%
NCASG Salary Survey Public- State of South Dakota	South Dakota	110.50%	07/01/2012	100.97%
NCASG Salary Survey Public- State of Texas	Texas	104.60%	07/01/2012	100.97%
NCASG Salary Survey Public- State of Utah	Utah	107.20%	07/01/2012	100.97%
NCASG Salary Survey Public- State of Washington	Washington	95.10%	07/01/2012	100.97%
NCASG Salary Survey Public- State of Wisconsin	Wisconsin	101.50%	07/01/2012	100.97%
NCASG Salary Survey Public- State of Wyoming	Wyoming	108.60%	07/01/2012	100.97%
<i>Data was geographic adjusted using ERI Geographic Assessor. Data was aged using WorldatWork 2012-13 Salary Budget Increase Report.</i>				

APPENDIX C – SALARY SURVEY

SALARY SURVEY REFERENCE

When reviewing the tables below a Projected % Difference of Salary in **Red** (or negative value) reflects how much the State would need to **increase** the salary to be in line with market. Conversely, a **Blue** (or positive value) reflects how much the State would need to **reduce** the salary to be in line with market. Because the General Professional Class Series was benchmarked against several professions, the comparisons are listed separately.

Overall	<i>Occupational Group Weighted Average % Difference</i>	-6.32%
Overall	<i>Occupational Group Weighted Average Budget \$ Difference</i>	-3.80%

A-Enforcement & Protective Services					
Class Code	Class Title	#State EEs	State Median Salary 3/31/13	Market Median Salary 3/31/13	% Difference Salary to Market Salary
A1A1	CORRECTIONS CASE MGR I	150	\$5,145	\$4,080	21%
A1D2	CORR/YTH/CLIN SEC OFF I	2616	\$3,292	\$3,260	1%
A1D5	CORR/YTH/CLN SEC SUPV III	266	\$4,925	\$4,206	15%
A1D6	CORR OR YTH SEC OFF IV	100	\$6,007	\$5,092	15%
A1K1	CORR SUPP LIC TRADES SUPV I	23	\$4,071	NA	NA
A1L1	CORR SUPP TRADES SUPV I	524	\$3,662	NA	NA
A2A1	CRIMINAL INVESTIGATOR INT	4	\$4,300	\$4,488	-4%
A2A2	CRIMINAL INVESTIGATOR I	88	\$4,813	\$5,120	-6%
A2A3	CRIMINAL INVESTIGATOR II	153	\$6,260	\$4,649	26%
A3C1	COMMUNITY PAROLE OFF	195	\$3,941	\$3,821	3%
A3C3	COMM PAROLE SUPV	23	\$6,918	\$4,917	29%
A4B1	POLICE OFFICER INTERN	16	\$3,461	\$3,944	-14%
A4B2	POLICE OFFICER I	111	\$3,967	\$5,664	-43%
A4B3	POLICE OFFICER II	25	\$4,591	\$6,489	-41%
A4B4	POLICE OFFICER III	28	\$5,992	\$7,137	-19%
A4C3	SAFETY SECURITY OFF III	2	\$6,284	\$4,210	33%
A-EPS <i>Occupational Group Weighted Average % Difference</i>					2.45%
<i>Occupational Group Weighted Average Budget \$ Difference</i>					3.77%

APPENDIX C – SALARY SURVEY

L-Labor, Trades, & Crafts					
Class Code	Class Title	#State EEs	State Median Salary 3/31/13	Market Median Salary 3/31/13	% Difference Salary to Market Salary
D6A1	ELECTRICAL TRADES I	31	\$3,515	\$3,635	-3%
D6A2	ELECTRICAL TRADES II	100	\$4,133	\$4,221	-2%
D6A3	ELECTRICAL TRADES III	19	\$5,451	\$5,522	-1%
D6B1	MACHINING TRADES I	1	\$4,063	\$2,782	32%
D6B2	MACHINING TRADES II	16	\$4,242	\$3,798	11%
D6B3	MACHINING TRADES III	11	\$4,793	\$4,792	0%
D6B4	MACHINING TRADES IV	1	\$6,209	\$5,522	11%
D6C1	PIPE/MECH TRADES I	106	\$3,402	\$2,782	18%
D6C2	PIPE/MECH TRADES II	217	\$4,200	\$4,049	4%
D6C3	PIPE/MECH TRADES III	26	\$4,719	\$5,522	-17%
D6D1	STRUCTURAL TRADES I	94	\$2,740	\$3,178	-16%
D6D2	STRUCTURAL TRADES II	253	\$3,306	\$3,518	-6%
D6D3	STRUCTURAL TRADES III	29	\$4,235	\$5,456	-29%
D6E1	UTILITY PLANT OPER I	49	\$4,500	\$4,002	11%
D7A2	EQUIPMENT MECHANIC II	23	\$3,600	\$3,658	-2%
D7A3	EQUIPMENT MECHANIC III	105	\$4,436	\$3,914	12%
D7A4	EQUIPMENT MECHANIC IV	8	\$4,819	\$4,795	1%
D7B1	EQUIPMENT OPERATOR I	22	\$2,307	\$2,662	-15%
D7B2	EQUIPMENT OPERATOR II	34	\$2,562	\$3,236	-26%
D7B3	EQUIPMENT OPERATOR III	160	\$3,552	\$3,666	-3%
D7B4	EQUIPMENT OPERATOR IV	41	\$4,083	NA	NA
D7C2	PRODUCTION II	25	\$2,338	\$3,296	-41%
D7C3	PRODUCTION III	29	\$2,773	\$3,050	-10%
D7D1	TRANSPORTATION MTC I	797	\$3,552	\$3,468	2%
D7D2	TRANSPORTATION MTC II	253	\$4,085	\$4,130	-1%
D7D3	TRANSPORTATION MTC III	106	\$4,799	\$4,820	0%
D8B1	CUSTODIAN I	1007	\$1,747	\$2,108	-21%
D8B3	CUSTODIAN III	106	\$2,732	\$3,284	-20%
D8C3	DINING SERVICES III	197	\$1,979	\$2,443	-24%
D8C5	DINING SERVICES V	49	\$2,814	\$3,625	-29%
D8D1	GENERAL LABOR I	103	\$2,200	\$2,782	-27%
D8E1	GROUNDS & NURSERY I	116	\$2,583	\$2,932	-14%
D8E2	GROUNDS & NURSERY II	56	\$2,894	\$3,782	-31%

APPENDIX C – SALARY SURVEY

D8E3	GROUNDS & NURSERY III	21	\$3,385	\$4,492	-33%
D8G1	MATERIALS HANDLER I	47	\$2,319	\$2,776	-20%
D8G2	MATERIALS HANDLER II	69	\$2,880	\$3,039	-6%
D8G3	MATERIALS HANDLER III	35	\$3,655	\$3,609	1%
D8G4	MATERIALS SUPERVISOR	20	\$4,196	\$5,091	-21%
D8H1	SECURITY I	86	\$2,401	\$2,516	-5%
D8H3	SECURITY III	8	\$3,334	\$3,293	1%
D9A1	CORRECTL INDUS SUPV I	NA	NA	\$4,012	NA
D9A2	CORRECTL INDUS SUPV II	17	\$5,225	NA	NA
D9B3	ENGR/PHYS SCI ASST III	43	\$3,172	\$3,887	-23%
D9C2	INSPECTOR II	20	\$4,003	\$4,974	-24%
D9C3	INSPECTOR III	55	\$5,033	\$4,535	10%
D9D1	LTC OPERATIONS I	98	\$5,491	\$6,384	-16%
D9D2	LTC OPERATIONS II	24	\$6,057	\$6,219	-3%
D9E1	PROJECT PLANNER I	25	\$4,893	\$4,217	14%
D9E2	PROJECT PLANNER II	6	\$6,001	\$5,623	6%
L-LTC - Occupational Group Weighted Average % Difference					-8.83%
Occupational Group Weighted Average Budget \$ Difference					-5.98%

M-Management					
Class Code	Class Title	#State EEs	State Median Salary 3/31/13	Market Median Salary 3/31/13	% Difference Salary to Market Salary
A4B5	POLICE ADMINISTRATOR I	4	\$7,946	\$8,188	-3%
A4B6	POLICE ADMINISTRATOR II	1	\$7,977	\$9,079	-14%
C6S6	NURSE VI	4	\$8,688	\$7,897	9%
H6G8	MANAGEMENT	193	\$9,579	\$9,565	0%
H6M3	FOOD SERV MGR III	3	\$6,152	\$5,917	4%
H6M4	FOOD SERV MGR IV	NA	NA	\$7,643	NA
H6Q2	RECORDS ADMINISTRATOR II	2	\$6,158	\$5,859	5%
H6R5	REHABILITATION SUPV II	4	\$6,578	\$5,437	17%
H8A4	ACCOUNTANT IV	17	\$6,725	\$7,427	-10%
H8C3	CONTROLLER III	18	\$8,968	\$9,521	-6%
H8E5	BUDGET & POLICY ANLST V	10	\$9,006	\$8,278	8%
I2B4	ELECTRONIC ENGINEER IV	NA	NA	\$8,395	NA
I2C6	PROFESSIONAL ENGINEER III	47	\$9,659	\$9,727	-1%
I2C7	PROFESSIONAL ENGINEER IV	10	\$9,408	\$9,880	-5%
I3A6	ENVIRON PROTECT SPEC V	15	\$9,408	NA	NA

APPENDIX C – SALARY SURVEY

M-MGMT - Occupational Group Weighted Average % Difference
Occupational Group Weighted Average Budget \$ Difference

-0.54%

-0.44%

P-Professional Services (excludes the General Professional Class Series)					
Class Code	Class Title	#State EEs	State Median Salary 3/31/13	Market Median Salary 3/31/13	% Difference Salary to Market Salary
C1H1	DENTIST I	17	\$10,660	\$9,756	9%
C1J1	PHYSICIAN I	NA	NA	\$14,802	NA
C4L2	SOCIAL WORK/COUNSELOR II	20	\$3,870	\$3,428	11%
C4L3	SOCIAL WORK/COUNSELOR III	94	\$4,600	\$4,512	2%
C4L4	SOCIAL WORK/COUNSELOR IV	30	\$5,151	NA	NA
C4M2	PSYCHOLOGIST I	37	\$6,590	\$4,957	25%
C5K2	THERAPIST II	10	\$4,526	\$5,446	-20%
C5L2	THERAPY ASSISTANT II	46	\$3,564	\$3,765	-6%
C6S1	NURSE I	417	\$4,955	\$5,288	-7%
C6S2	NURSE II	110	\$5,547	\$3,458	38%
C6S3	NURSE III	85	\$6,067	\$6,192	-2%
C6S4	MID-LEVEL PROVIDER	85	\$6,619	\$7,709	-17%
C7C3	HEALTH PROFESSIONAL III	131	\$4,925	\$5,289	-7%
C7C4	HEALTH PROFESSIONAL IV	95	\$5,661	\$6,094	-8%
C7C6	HEALTH PROFESSIONAL VI	36	\$6,525	\$9,804	-50%
C8A2	DIAG PROCED TECHNOL II	19	\$3,658	\$4,619	-26%
C8A3	DIAG PROCED TECHNOL III	10	\$4,238	\$3,658	14%
C8A4	DIAG PROCED TECHNOL IV	3	\$5,002	\$6,799	-36%
C8B2	DIETITIAN II	7	\$4,154	\$4,342	-5%
C8D1	LABORATORY TECHNOLOGY I	34	\$3,336	\$3,639	-9%
C8D2	LABORATORY TECHNOLOGY II	49	\$3,676	\$4,048	-10%
C8D3	LABORATORY TECHNOLOGY III	36	\$4,508	\$5,472	-21%
C8D4	LABORATORY TECHNOLOGY IV	6	\$5,906	\$6,642	-13%
C8E1	PHARMACY I	3	\$7,421	\$9,211	-24%
C8E3	PHARMACY III	9	\$9,172	\$11,649	-27%
C9B1	VETERINARIAN I	8	\$6,833	\$6,755	1%
H3I4	MEDIA SPECIALIST III	7	\$3,568	\$3,949	-11%
H3I5	MEDIA SPECIALIST IV	8	\$4,280	NA	NA
H3U4	ARTS PROFESSIONAL II	24	\$3,885	\$3,942	-2%
H4O1	AIRCRAFT PILOT	5	\$4,475	\$5,038	-13%
H4Q2	PORT OF ENTRY I	72	\$3,287	NA	NA

APPENDIX C – SALARY SURVEY

H5F2	HEARINGS OFFICER II	41	\$5,206	\$5,056	3%
H6H2	ARCHIVIST II	5	\$4,211	\$3,899	7%
H6I1	CHAPLAIN I	2	\$4,591	\$5,586	-22%
H6J3	COMP INSURANCE SPEC II	23	\$4,415	\$4,537	-3%
H6J5	COMP INSURANCE SPEC IV	7	\$6,022	\$6,934	-15%
H6K2	COMPL INVESTIGATOR I	22	\$4,285	\$4,055	5%
H6M2	FOOD SERV MGR II	11	\$4,068	\$4,387	-8%
H6N2	LABOR/EMPLOYMENT SPEC I	160	\$3,366	\$3,186	5%
H6N3	LABOR/EMPLOYMENT SPEC II	235	\$3,896	\$3,337	14%
H6N5	LABOR/EMPLOYMENT SPEC IV	31	\$6,125	\$4,889	20%
H6N6	LABOR/EMPLOYMENT SPEC V	12	\$6,760	\$4,797	29%
H6P2	PARK MANAGER II	41	\$3,419	\$3,837	-12%
H6P3	PARK MANAGER III	21	\$3,895	\$4,606	-18%
H6Q1	RECORDS ADMINISTRATOR I	8	\$4,902	\$5,791	-18%
H6R2	REHABILITATION COUNS I	96	\$3,895	\$4,005	-3%
H6U2	WILDLIFE MANAGER II	8	\$3,767	\$4,356	-16%
H6U3	WILDLIFE MANAGER III	188	\$4,584	\$4,471	3%
H6U5	WILDLIFE MANAGER V	44	\$6,919	\$5,501	21%
H6V1	YOUTH SERV COUNSELOR I	41	\$4,545	\$3,471	24%
H7A1	STATE TEACHER I	183	\$4,409	\$4,461	-1%
H7C2	EARLY CHILDHOOD EDUC I	12	\$2,102	\$2,332	-11%
H8A1	ACCOUNTANT I	97	\$3,882	\$3,930	-1%
H8A2	ACCOUNTANT II	135	\$4,584	\$4,259	7%
H8A3	ACCOUNTANT III	71	\$5,833	\$6,085	-4%
H8C1	CONTROLLER I	6	\$7,176	\$8,026	-12%
H8D3	AUDITOR II	28	\$4,117	\$4,728	-15%
H8D4	AUDITOR III	25	\$5,206	\$6,288	-21%
H8D5	AUDITOR IV	22	\$6,980	\$8,534	-22%
H8E1	BUDGET ANALYST I	12	\$4,006	\$4,301	-7%
H8E2	BUDGET ANALYST II	28	\$5,590	\$5,377	4%
H8E3	BUDGET & POLICY ANLST III	44	\$6,400	\$6,288	2%
H8F3	FIN/CREDIT EXAMINER II	33	\$4,938	\$4,573	7%
H8F5	FIN/CREDIT EXAMINER IV	10	\$7,430	\$6,949	7%
H8G3	RATE/FINANCIAL ANLYST II	27	\$4,830	\$5,108	-6%
H8J3	PROPERTY TAX SPEC II	10	\$4,747	\$4,395	7%
H8K3	REVENUE AGENT II	34	\$4,508	\$4,047	10%
H8K5	REVENUE AGENT IV	20	\$7,424	\$6,603	11%
H8N1	TAX EXAMINER I	101	\$3,204	NA	NA
I1B2	STATISTICAL ANALYST II	42	\$5,052	\$4,049	20%
I2A3	ARCHITECT I	8	\$6,475	\$5,647	13%

APPENDIX C – SALARY SURVEY

I2B1	ELECTRONIC ENGINEER I	9	\$6,050	\$5,074	16%
I2B2	ELECTRONIC ENGINEER II	10	\$7,927	\$5,480	31%
I2B3	ELECTRONIC ENGINEER III	NA	NA	\$6,630	NA
I2C1	ENGINEER-IN-TRAINING I	41	\$4,280	\$4,888	-14%
I2C2	ENGINEER-IN-TRAINING II	33	\$4,923	\$5,936	-21%
I2C4	PROFESSIONAL ENGINEER I	240	\$6,987	\$6,736	4%
I2C5	PROFESSIONAL ENGINEER II	145	\$8,367	\$8,499	-2%
I2D3	LANDSCAPE ARCHITECT I	2	\$6,917	\$6,064	12%
I3A2	ENVIRON PROTECT SPEC I	52	\$4,805	\$5,047	-5%
I3A3	ENVIRON PROTECT SPEC II	157	\$6,195	\$5,461	12%
I3A5	ENVIRON PROTECT SPEC IV	49	\$8,286	\$7,415	11%
I3B1	PHY SCI RES/SCIENTIST INT	NA	NA	\$5,227	NA
I3B2	PHY SCI RES/SCIENTIST I	41	\$4,951	\$5,024	-2%
I3B3	PHY SCI RES/SCIENTIST II	73	\$6,030	\$5,055	16%
I3B5	PHY SCI RES/SCIENTIST IV	28	\$8,248	\$6,964	16%
I5C1	CIVIL ENG PROJ MANAGER I	41	\$5,978	\$6,630	-11%
I5C2	CIVIL ENG PROJ MANAGER II	35	\$6,631	\$7,729	-17%
I5E2	ELECTRONICS SPEC I	21	\$3,346	\$3,290	2%
I5E3	ELECTRONICS SPEC II	101	\$4,274	\$4,330	-1%
I9B2	LAND SURVEY INTERN II	5	\$3,698	\$4,227	-14%
I9B3	PROF LAND SURVEYOR I	23	\$4,895	\$5,064	-3%
I9B4	PROF LAND SURVEYOR II	11	\$6,770	\$5,305	22%
P-PS - Occupational Group Weighted Average % Difference					0.86%
Occupational Group Weighted Average Budget \$ Difference					1.15%

* Segal currently re-evaluating analysis

S-Administrative Support					
Class Code	Class Title	#State EEs	State Median Salary 3/31/13	Market Median Salary 3/31/13	% Difference Salary to Market Salary
G1B2	SERVICE DISPATCHER	8	\$2,650	\$3,251	-23%
G1C2	TELEPHONE OPERATOR I	2	\$2,258	\$2,516	-11%
G2A2	COMPUTER OPERATOR I	9	\$3,245	\$3,445	-6%
G2A3	COMPUTER OPERATOR II	4	\$3,888	\$4,118	-6%
G2C1	CUST SUPPORT INTERN	5	\$3,042	\$2,850	6%
G2C2	CUST SUPPORT COORD I	27	\$3,523	\$3,002	15%
G2C3	CUST SUPPORT COORD II	29	\$4,681	\$3,425	27%
G2D2	DATA ENTRY OPERATOR I	17	\$2,176	\$2,406	-11%

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G2D4	DATA SPECIALIST	127	\$2,877	\$3,548	-23%
G3A1	ADMIN ASSISTANT INT	2	\$2,267	\$2,453	-8%
G3A2	ADMIN ASSISTANT I	121	\$2,148	\$2,715	-26%
G3A3	ADMIN ASSISTANT II	1100	\$2,611	\$3,427	-31%
G3A4	ADMIN ASSISTANT III	1500	\$3,142	\$3,968	-26%
G3A5	OFFICE MANAGER I	150	\$4,155	\$4,636	-12%
G3F1	SALES ASSISTANT I	23	\$1,779	\$2,676	-50%
S-AS - Occupational Group Weighted Average % Difference					-26.28%
Occupational Group Weighted Average Budget \$ Difference					-25.39%

SP- State Patrol Trooper Classes					
Class Code	Class Title	#State EEs	State Median Salary 3/31/13	Market Median Salary 3/31/13	% Diff Salary
A4A3	STATE PATROL TROOPER	391	\$4,339	\$4,849	-12%
A4A4	STATE PATROL TROOPER III	195	\$6,225	\$6,489	-4%
A4A5	STATE PATROL SUPERVISOR	100	\$7,008	\$6,281	10%
A4A6	STATE PATROL ADMIN I	31	\$7,937	\$7,084	11%
A4A7	STATE PATROL ADMIN II	9	\$8,888	\$7,941	11%
SP-TRP - Occupational Group Weighted Average % Difference					-5.41%
Occupational Group Weighted Average Budget \$ Difference					-3.64%

T-Technical					
Class Code	Class Title	#State EEs	State Median Salary 3/31/13	Market Median Salary 3/31/13	% Difference Salary to Market Salary
C6P1	CLIENT CARE AIDE I	88	\$1,809	\$2,240	-24%
C6P2	CLIENT CARE AIDE II	368	\$2,210	\$2,479	-12%
C6Q1	DENTAL CARE I	9	\$2,300	\$2,924	-27%
C6Q4	DENTAL CARE IV	6	\$4,815	\$4,495	7%
C6R1	HEALTH CARE TECH I	489	\$2,583	\$2,620	-1%
C6R2	HEALTH CARE TECH II	108	\$2,980	\$3,225	-8%
C8C1	LABORATORY SUPPORT I	23	\$2,145	\$2,609	-22%
C8F1	PHARMACY TECHNICIAN I	1	\$2,305	\$2,803	-22%
C9A1	ANIMAL CARE I	18	\$2,374	\$2,236	6%
G1A2	POLICE COMMUNICATION TECH	146	\$3,705	\$4,850	-31%

APPENDIX C – SALARY SURVEY

G1A3	POLICE COMMUNICATION SUPV	28	\$4,486	\$5,275	-18%
G3C2	LIBRARY TECHNICIAN I	17	\$2,611	\$2,263	13%
G3C3	LIBRARY TECHNICIAN II	142	\$2,942	\$2,897	2%
G3C4	LIBRARY TECHNICIAN III	71	\$3,617	\$2,840	22%
G3D1	MEDICAL RECORDS TECH I	47	\$2,800	\$2,741	2%
G3D2	MEDICAL RECORDS TECH II	33	\$3,575	NA	NA
G4A2	COLLECTIONS REP II	17	\$2,897	\$3,274	-13%
G4B2	DRIVER'S LIC EXAM II	94	\$3,042	\$3,022	1%
G4B4	DRIVER'S LIC EXAM IV	18	\$3,890	NA	NA
G4B5	DRIVER'S LIC EXAM V	3	\$4,513	NA	NA
H4M3	TECHNICIAN III	438	\$3,427	\$3,200	7%
H4M4	TECHNICIAN IV	329	\$4,077	\$3,459	15%
H4P2	FINGERPRINT EXAMINER I	28	\$3,642	\$3,735	-3%
H4R1	PROGRAM ASSISTANT I	715	\$3,652	\$4,086	-12%
H5E1	LEGAL ASSISTANT I	18	\$3,700	\$4,385	-19%
H5E2	LEGAL ASSISTANT II	50	\$4,849	\$4,857	0%
H8B1	ACCOUNTING TECHNICIAN I	30	\$2,433	\$3,131	-29%
H8B2	ACCOUNTING TECHNICIAN II	183	\$2,715	\$3,035	-12%
H8B3	ACCOUNTING TECHNICIAN III	384	\$3,357	\$3,716	-11%
H8B4	ACCOUNTING TECHNICIAN IV	36	\$4,167	\$5,368	-29%
I5D1	ENGR/PHYS SCI TECH I	93	\$3,870	\$4,040	-4%
I5D2	ENGR/PHYS SCI TECH II	160	\$4,633	\$3,872	16%
I5D3	ENGR/PHYS SCI TECH III	120	\$5,448	\$5,860	-8%
T-TECH - Occupational Group Weighted Average % Difference					-4.64%
T-TECH - Occupational Group Weighted Average Budget \$ Difference					-3.84%

As stated on page 7, Segal found that the General Professional Class Series is too broad to effectively match market positions. As such, Segal established the below job families. General Professional Class Series was benchmarked against several professions and the comparisons are listed separately below. The Division will be conducting a separate maintenance study on the General Professional Class Series for the FY 2015-16 report. Overall, the data below supports no increase for the General Professional Class Series at this time.

Segal Matches for General Professional Class Series	10th Percentile	50% Percentile	90th Percentile	Pay Range Midpoint
H6G1 - GENERAL PROFESSIONAL I- COMMUNICATIONS	NA	NA	NA	NA
H6G2 - GENERAL PROFESSIONAL II- COMMUNICATIONS	NA	NA	NA	NA
H6G3 - GENERAL PROFESSIONAL III- COMMUNICATIONS	-0.9%	-3.6%	-8.1%	-4.6%
H6G4 - GENERAL PROFESSIONAL IV- COMMUNICATIONS	10.7%	-19.0%	-23.5%	-15.7%
H6G5 - GENERAL PROFESSIONAL V- COMMUNICATIONS	NA	NA	NA	NA
H6G6 - GENERAL PROFESSIONAL VI- COMMUNICATIONS	27.9%	12.5%	-2.6%	2.9%

APPENDIX C – SALARY SURVEY

H6G7 - GENERAL PROFESSIONAL VII- COMMUNICATIONS	NA	NA	NA	NA
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Segal Matches for General Professional Class Series	10th Percentile	50% Percentile	90th Percentile	Pay Range Midpoint
H6G1 - GENERAL PROFESSIONAL I-PROCUREMENT/GRANTS	-2.9%	-18.9%	-18.9%	-8.0%
H6G2 - GENERAL PROFESSIONAL II- PROCUREMENT/GRANTS	NA	NA	NA	NA
H6G3 - GENERAL PROFESSIONAL III- PROCUREMENT/GRANTS	8.0%	-1.0%	0.2%	2.6%
H6G4 - GENERAL PROFESSIONAL IV- PROCUREMENT/GRANTS	2.6%	-3.4%	-4.0%	2.3%
H6G5 - GENERAL PROFESSIONAL V- PROCUREMENT/GRANTS	-1.7%	-12.9%	-24.5%	-7.9%
H6G6 - GENERAL PROFESSIONAL VI- PROCUREMENT/GRANTS	-3.7%	-29.9%	-36.6%	-32.7%
H6G7 - GENERAL PROFESSIONAL VII- PROCUREMENT/GRANTS	NA	NA	NA	NA

Segal Matches for General Professional Class Series	10th Percentile	50% Percentile	90th Percentile	Pay Range Midpoint
H6G1 - GENERAL PROFESSIONAL I- GIS	-12.6%	-13.9%	-16.9%	-6.1%
H6G2 - GENERAL PROFESSIONAL II- GIS	NA	NA	NA	NA
H6G3 - GENERAL PROFESSIONAL III- GIS	1.8%	1.8%	11.5%	1.8%
H6G4 - GENERAL PROFESSIONAL IV- GIS	7.0%	-0.3%	6.3%	7.4%
H6G5 - GENERAL PROFESSIONAL V- GIS	NA	NA	NA	NA
H6G6 - GENERAL PROFESSIONAL VI- GIS	7.9%	-0.9%	-7.7%	3.1%
H6G7 - GENERAL PROFESSIONAL VII- GIS	NA	NA	NA	NA

Segal Matches for General Professional Class Series	10th Percentile	50% Percentile	90th Percentile	Pay Range Midpoint
H6G1 - GENERAL PROFESSIONAL I- HUMAN RESOURCES	-5.2%	-33.1%	-38.8%	-17.1%
H6G2 - GENERAL PROFESSIONAL II- HUMAN RESOURCES	-9.3%	-25.0%	-27.9%	-21.4%
H6G3 - GENERAL PROFESSIONAL III- HUMAN RESOURCES	-0.2%	-6.2%	-4.1%	-4.0%
H6G4 - GENERAL PROFESSIONAL IV- HUMAN RESOURCES	4.4%	-4.0%	-11.7%	-5.1%
H6G5 - GENERAL PROFESSIONAL V- HUMAN RESOURCES	0.4%	-14.7%	-19.2%	-6.4%
H6G6 - GENERAL PROFESSIONAL VI- HUMAN RESOURCES	0.1%	0.8%	-5.7%	-4.8%
H6G7 - GENERAL PROFESSIONAL VII- HUMAN RESOURCES	-1.3%	-11.0%	-31.1%	-18.3%

Segal Matches for General Professional Class Series	10th Percentile	50% Percentile	90th Percentile	Pay Range Midpoint
H6G1 - GENERAL PROFESSIONAL I- LIBRARY	22.2%	9.4%	0.3%	8.2%
H6G2 - GENERAL PROFESSIONAL II- LIBRARY	27.2%	21.5%	5.5%	8.9%
H6G3 - GENERAL PROFESSIONAL III- LIBRARY	7.9%	6.4%	7.0%	9.1%
H6G3 - GENERAL PROFESSIONAL IV- LIBRARY	NA	NA	NA	NA
H6G5 - GENERAL PROFESSIONAL V- LIBRARY	NA	NA	NA	NA

APPENDIX C – SALARY SURVEY

H6G6 - GENERAL PROFESSIONAL VI- LIBRARY	37.9%	-3.3%	-32.6%	-3.0%
H6G7 - GENERAL PROFESSIONAL VII- LIBRARY	NA	NA	NA	NA

Segal Matches for General Professional Class Series	10th Percentile	50% Percentile	90th Percentile	Pay Range Midpoint
H6G1 - GENERAL PROFESSIONAL I- MANAGEMENT ANALYST	NA	NA	NA	NA
H6G2 - GENERAL PROFESSIONAL II- MANAGEMENT ANALYST	NA	NA	NA	NA
H6G3 - GENERAL PROFESSIONAL III- MANAGEMENT ANALYST	7.1%	-5.9%	-5.1%	0.5%
H6G4 - GENERAL PROFESSIONAL IV- MANAGEMENT ANALYST	0.5%	-2.6%	-29.6%	5.8%
H6G5 - GENERAL PROFESSIONAL V- MANAGEMENT ANALYST	NA	NA	NA	NA
H6G6 - GENERAL PROFESSIONAL VI- MANAGEMENT ANALYST	NA	NA	NA	NA
H6G7 - GENERAL PROFESSIONAL VII- MANAGEMENT ANALYST	NA	NA	NA	NA

Segal Matches for General Professional Class Series	10th Percentile	50% Percentile	90th Percentile	Pay Range Midpoint
H6G1 - GENERAL PROFESSIONAL I- PLANNER/RIGHTS OF WAY	NA	NA	NA	NA
H6G2 - GENERAL PROFESSIONAL II- PLANNER/RIGHTS OF WAY	-6.8%	-10.7%	-9.5%	-11.0%
H6G3 - GENERAL PROFESSIONAL III- PLANNER/RIGHTS OF WAY	2.9%	5.1%	9.4%	2.9%
H6G4 - GENERAL PROFESSIONAL IV- PLANNER/RIGHTS OF WAY	-1.5%	-8.8%	-3.0%	-0.7%
H6G5 - GENERAL PROFESSIONAL V- PLANNER/RIGHTS OF WAY	4.3%	-16.9%	-8.0%	-4.8%
H6G6 - GENERAL PROFESSIONAL VI- PLANNER/RIGHTS OF WAY	-10.6%	-2.3%	-9.0%	-4.4%
H6G7 - GENERAL PROFESSIONAL VII- PLANNER/RIGHTS OF WAY	8.1%	-3.1%	-26.5%	-13.2%

Segal Matches for General Professional Class Series	10th Percentile	50% Percentile	90th Percentile	Pay Range Midpoint
H6G1 - GENERAL PROFESSIONAL I- EMERGENCY PREPAREDNESS	NA	NA	NA	NA
H6G2 - GENERAL PROFESSIONAL II- EMERGENCY PREPAREDNESS	NA	NA	NA	NA
H6G3 - GENERAL PROFESSIONAL III- EMERGENCY PREPAREDNESS	3.3%	5.6%	9.9%	2.5%
H6G4 - GENERAL PROFESSIONAL IV- EMERGENCY PREPAREDNESS	NA	NA	NA	NA
H6G5 - GENERAL PROFESSIONAL V- EMERGENCY PREPAREDNESS	11.1%	-7.9%	-7.0%	2.6%
H6G6 - GENERAL PROFESSIONAL VI- EMERGENCY PREPAREDNESS	10.5%	-0.4%	-3.8%	4.8%
H6G7 - GENERAL PROFESSIONAL VII- EMERGENCY PREPAREDNESS	NA	NA	NA	NA

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Segal Matches for General Professional Class Series	10th Percentile	50% Percentile	90th Percentile	Pay Range Midpoint
H6G1 - GENERAL PROFESSIONAL I- CHILD CARE LICENSING	NA	NA	NA	NA
H6G2 - GENERAL PROFESSIONAL II- CHILD CARE LICENSING	NA	NA	NA	NA
H6G3 - GENERAL PROFESSIONAL III- CHILD CARE LICENSING	8.6%	9.3%	11.6%	11.6%
H6G4 - GENERAL PROFESSIONAL IV- CHILD CARE LICENSING	NA	NA	NA	NA
H6G5 - GENERAL PROFESSIONAL V- CHILD CARE LICENSING	NA	NA	NA	NA
H6G6 - GENERAL PROFESSIONAL VI- CHILD CARE LICENSING	NA	NA	NA	NA
H6G7 - GENERAL PROFESSIONAL VII- CHILD CARE LICENSING	NA	NA	NA	NA

Segal Matches for IT	10th Percentile	50th Percentile	90th Percentile	Pay Range Midpoint
H2A1 - APP PROGRAMMER INTERN	NA	NA	NA	NA
H2A2 - APP PROGRAMMER I	NA	NA	NA	NA
H2A3 - APP PROGRAMMER II	-5.6%	-18.0%	-28.2%	-18.1%
H2A4 - APP PROGRAMMER III	-2.9%	-26.3%	-49.5%	-36.2%
H2A6 - APP PROGRAMMING MANAGER	NA	NA	NA	NA
H2I1 - IT TECHNICIAN I	17.6%	-0.1%	-11.6%	7.6%
H2I2 - IT TECHNICIAN II	11.2%	-5.0%	-9.6%	4.8%
H2I3 - IT PROFESSIONAL I	5.7%	-12.9%	-9.7%	-0.4%
H2I4 - IT PROFESSIONAL II	0.9%	-6.6%	-11.3%	-4.8%
H2I5 - IT PROFESSIONAL III	-12.4%	-14.3%	-18.5%	-11.2%
H2I6 - IT PROFESSIONAL IV	11.8%	6.6%	-1.8%	0.6%
H2I7 - IT PROFESSIONAL V	12.4%	7.5%	-7.1%	3.8%
H2I8 - IT PROFESSIONAL VI	13.4%	3.3%	-18.9%	-4.9%
H2I9 - IT PROFESSIONAL VII	NA	NA	NA	NA

APPENDIX D – SYSTEM MAINTENANCE STUDY

SYSTEM MAINTENANCE STUDY

C.R.S. 24-50-104(4) (c) and (6) (a) requires that the State Personnel Director provide a report on total compensation and generally outlines the requirements of that report. While not specifically required, the Department prefers to provide an update on any studies that may impact future recommendations or reports.

A system maintenance study was completed in FY 2013-14 for Correctional, Youth, Clinical Security Officer and Corrections Case Manager. The Division was asked to review federal data. Federal findings were not released until late June 2013. Therefore, the Department is conducting further analysis of this study and reserves the right change pay ranges where appropriate.

A system maintenance study on the Administrative Law Judge class series began in FY 2013-14 and further analysis is being conducted. A summary of the findings will be presented in the FY 2015-16 Annual Compensation Report.