

2007 SALARY & BENEFITS SURVEY

EXECUTIVE SUMMARY

Sponsored by:

Blackhawk Human Resource Association

Rock County Development Alliance



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INTRODUCTION

Over the course of the last decade plus, several local organizations have conducted periodic labor surveys throughout the Greater Rock County area. These research projects have been designed to gather information on current wage rate and fringe benefits packages. Local Human Resource and Economic Development professionals apply this research toward their ongoing talent and/or business development efforts.

METHODOLOGY

In an attempt to gather a large sample size from all industry sectors, the Blackhawk Human Resource Association (BHRA) and the Rock County Development Alliance contacted businesses throughout the Greater Rock County area. Survey participants were selected from sponsoring organizational membership lists, such as local Chambers of Commerce, Economic Development Organizations and local manufacturing directories.

An independent third party human resources consultant worked with BHRA to design and administer the survey questionnaire. Survey responses were solicited electronically through an interactive software application. Completed surveys were quality controlled and tabulated accordingly. All wage and benefit information reported in the Salary & Benefits Survey Results are based upon 2007 data.

To ensure confidentiality among the survey respondents, only aggregate data was released. Highlights of the 2007 survey results and some comparisons to prior labor market research (dating back to 1989) are presented throughout this Executive Summary. Due to varying sample size and industry targets, offering direct comparisons between surveys is challenging. Nonetheless, there are enough commonalities among these seven surveys to effectively draw upon themes and/or generalizations.

SURVEY RESULTS

A total of fifty-four (54) companies completed the 2007 Survey. Nearly 82% of the responding companies were from Rock County, while the remaining percentages represented firms located throughout the extended neighboring counties and/or the WI / IL Stateline. In terms of Rock County participation, the majority of the responses (70%) were from companies within Beloit and Janesville, respectively. Eighty-one percent of the survey respondents represented for-profit organizations, while 13% were classified as non-profit. Nearly six percent of the survey's total respondents represented the public sector. Overall, these figures mirror prior (labor market) survey participant demographics.

INDUSTRY REPRESENTATION

The Manufacturing sector represented 65% of the respondents, while 19% were from the Service sector (including for and non-profit). Nearly eight percent of the responding businesses were either Government or Educational related firms. Health Care and financial services industries accounted for nearly eight percent of the respondents, as well.

In terms of employment size, the median number of full-time employees reported by the respondents was 100 and three part-time employees, respectively. Regardless of employment size, there was parity of the survey participants with respect to average full-time employee workweek length: forty hours.

As a point of information, General Motors *did not* participate in this wage survey or any of its predecessors.

HOURLY WAGES

Fifty occupations were grouped according to nine basic employment groupings: Accounting / Finance, Engineering, Health Care, Human Resources, Information Technology, Maintenance, Marketing / Sales, Manufacturing and Warehouse. The number of occupational titles within each grouping varied, from a few as two (2) to as many as 15. The largest category of occupational titles was found within the Manufacturing grouping - which totaled 15.

To provide detailed hourly wage information, respondents were asked to indicate the relative degree of match between their occupational titles and those listed within the survey questionnaire. Generally speaking, there was an equal match among the occupational titles utilized throughout the survey. In addition to identifying their relative degree of match, respondents were also asked to provide the following information for each of the fifty occupational titles: Salary Survey figures (number of employees and hourly rate categories), FLSA Status, Union Status and Shift Differential data.

Per the 2007 Survey the average annual wage increase in YR 2006 was 2.9%, while the median increase was three percent. The projected annual (average) wage increase for YR 2007 was reported at 2.7%, while the median was 3%. These increases are slightly lower than prior years, perhaps a reflection on behalf of employers to tighten their proverbial belts. Obviously, though, a variety of factors such as geography, marketplace and “demand” occupations influence these wage increases.

Of those companies offering shift differentials, nearly 90% calculated these premiums based upon actual hours worked. Per those respondents, shift differentials were provided for second, third, weekend and/or shifts that required “on-call” availability. Not surprisingly, shift differentials were dominated by the Health Care, Manufacturing and Warehousing employment groupings.

One of the concerns that often surfaces when dealing with wage data relates to its shelf life. Specifically, how current is the data? Realizing that timing is a relative factor and that elapses occur between data collection and reporting, the 2007 Survey does offer some suggestions. Specifically, there are recommended steps provided - including calculation formulas - to rectify this time series issue. Additional details are addressed with the survey report.

EMPLOYEE BENEFITS

Benchmarking employee benefits among local companies has been a main goal of local labor market surveys. This data provides a quick, industry-wide snapshot concerning the types of benefits generally available from area employers. Nationally, it's reported that privately held companies tend to offer better benefits packages than their publicly held counterparts. Although the 2007 Survey did not separate the benefit responses by a public / private distinction, the results do in fact demonstrate that the majority of employers provide an array of benefits.

Overall, companies distinguish between full-and-part time positions when determining benefits eligibility. In YR 2007, 53% of the respondents indicated that *only* full-time employees were eligible for company benefits. Surprisingly enough, though, 32% noted that some part-time employees – assuming they worked an average of 22 hours per week – were eligible to draw upon the company's benefit package. Given the fluctuations within the marketplace, providing said benefits to part-time, seasonal and contracted employees likely vary substantially.

FLSA status appeared to have an impact on some types of benefit packages, as well. These differences were concentrated within the areas of health care coverage options / premiums and sick / vacation time computation. Different benefits were offered to managerial positions, too: over 28% of the respondents indicated that additional amenities often included the aforementioned benefits, as well as opportunities to draw upon quarterly bonuses and the like.

In terms of paid company time off, the average number of paid holidays reported was nine days, while the average floating holiday or personal day provision totaled three days. Comparing vacation days is a bit cumbersome, considering that each firm establishes a schedule based upon several factors, such as seniority and the like. Generally speaking, though, accumulating four weeks (or more) of paid vacation requires several years' worth of employment service.

Slightly over 81% of the survey's respondents exercised a "use it or lose it" vacation time doctrine: employees must use vacation time within a specific period otherwise said time is lost. Only one respondent indicated that their employees are permitted to buy additional vacation days. Surprisingly, though, 11% noted that their employees were allowed to sell vacation days. Overall, there are caps and related thresholds that apply to company paid time provisions and their related utilization schedules.

In terms of health care coverage, the percentage of respondents that were fully insured was 55%, while 45% were considered self-insured. Average monthly premiums varied by coverage type (employee v. family) and provider (HMO v. PPO), ranging from as low as \$83 to \$255, respectively. Historically, employees have been eligible for said benefits within their first three months. Of those responding to the 2007 Survey, though, 29% offer benefits day one; meanwhile, 39% have at least a one month grace period before the benefits kick-in. Clearly, these results reflect today's competitive labor market and individual company talent attraction / retention strategies.

This benefits package creativity extends to other ancillary items too, such as tuition reimbursement. Seventy-five percent of the respondents offered tuition reimbursement, with such normal stipulations as requiring work-related course content, successfully completing said course, verification of grade earned, etc. Over the years, this percentage has steadily increased.

Turnover Rates

On average, the 2007 Survey reported industry-wide average turnover rates for YR 2006 at 23.7%, a noticeably higher rate than previous years. Since these rates were not separated according to industry sector, it's difficult to pinpoint the issue(s). Nationally, the average turnover rate for the Health Care industry ranges between 20-25%, Manufacturing is between 12% and 18% and Retail is pegged at least 40% or higher. Although based upon these ranges the area's turnover rates do not appear out of line; generally speaking, though, lower rates are better.

LABOR / MANAGEMENT RELATIONS

Even though the 2007 Survey didn't specifically inquire about labor / management issues, the number of certification attempts and overall union representation have been steadily declining – especially among the private sector employers. This trend has been experienced locally, as well as within the State and throughout the entire nation. As a litmus test, of the new manufacturing firms that have opened up within Rock County during the last decade nearly 100% have been non-union. Aside from nationally publicized disputes, labor / management relations do not appear to be an issue within the greater Rock County area.

CONCLUSION

The 2007 Salary & Benefits Survey provides a snapshot of local wages and benefits packages, labor / management issues and overall employment conditions. This information was collected from a diverse industry grouping, predominately concentrated within the Janesville-Beloit MSA.

Actual or projected hourly wage increases are tracking a bit lower than previous years; however, these rates appear to mirror national trends. Although some comparative differences exist, the overwhelming majority of companies offer very competitive - and perhaps standard - benefits packages. Clearly, companies view continuing education as a critical component to their benefits package, as evidenced by the increased figure reported this year.

Local turnover rates, albeit with the national averages, continues to signal that appropriate employee screening - coupled with favorable economic conditions – are critically important to an area's labor market stability. As economic fluctuations continue to exist, the percentage of employees represented by collective bargaining agreements declines accordingly.

This research would not have been possible without the support of the following groups; their continued support, as well as the cooperation from the participating companies, is greatly appreciated.

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