

# *COMPensate Wage & Salary Plan*



*Chugach's wage and salary plan for  
non-represented employees*

*Finance Committee*

*July 10, 2002*



1986

- NRECA's COMPensate wage and salary plan was developed from 1986 to 1988 by NRECA in conjunction with East Kentucky Power Cooperative

- **PURPOSE:**

To provide a systematic and standardized method to develop a wage and salary planning system for electric utility systems

*August 1988*

- Chugach Board of Directors approved implementation of NRECA's COMPensate wage and salary plan for non-bargaining unit employees

**OBJECTIVE:**

- To establish a systematic wage and salary plan that would attract and retain qualified personnel and encourage superior performance, growth and development

## *December 1988 through June 1989*

- NRECA developed the COMPensate plan for Chugach with the following five elements:
  - Job Descriptions
  - Job Evaluation System
  - Salary Ranges
  - Administrative Guidelines
  - Salary Structure Maintenance

*June 1989*



- Chugach implemented NRECA's COMPensate wage and salary plan
- Performance based pay plan
- Provided the opportunity for merit increases for non-represented employees for the first time since 1985

## *Annual Updates began 1990*

- The compensation model has been updated annually using current salary survey values to insure that ranges reflect fair market value
- The salary differential applied to Chugach's COMPensate plan is reviewed on an ongoing basis to insure that it remains competitive but still conservative



1997

- A comprehensive survey of approximately 100 statewide differentials was conducted in 1996
- The results of this survey showed an average differential of 21%
- Based on this information, Chugach's General Manager lowered the differential for the COMPensate plan from 25% to 15% in 1997
- Chugach continues to validate that percentage differential on an ongoing basis in addition to the annual update

# *2002 Alaska Differential Analysis*



- 42 organizations surveyed
- Of these, 31 have a program that pays employees an additional amount for living in Alaska
- The range of payment is between 5% - 30% with the majority around the 20% range

## *Annual Update*

- The overall change to the salary ranges reflects market changes to the midpoint of the salary ranges
- Creates an opportunity for but not a guarantee of future salary increases

# *Recommendations*

1. Continue to utilize NRECA's COMPensate wage and salary plan:
  - G&T survey is perhaps the most relevant cooperative utility survey
  - Contains information for 71 jobs from 47 G&T cooperatives in the lower 48 states
  - Has provided the inputs for the benchmark positions currently resident in our compensation model

## *Recommendations (cont.)*

2. Continue to use data from the Economic Research Institute (ERI):
  - Provides a data base comparison of salaries between over 3,000 different locations covering approximately 2,200 jobs within North America
  - We have access to ERI's database and are able to analyze salaries in Anchorage as compared to the U.S. national average or any combination of over 3,000 locations which ERI surveys

## *Recommendations (cont.)*



3. Continue to participate in the Anchorage Cross-Industry Salary Survey:
  - Contains data compiled from 31 major Alaskan employers located in Anchorage, Fairbanks, Southeast and/or Kenai Peninsula areas
  - 120 benchmark positions

## *Recommendations (cont.)*



4. Continue to incorporate the ERI & Cross Industry Salary Survey data with the G&T Survey

# *Timeline for 2002 Update*



- **July - September 2002** – Update management job descriptions
- **August 2002** – Conduct a survey of Alaskan employers compensation differential
- **September 2002** – Begin the annual compensation update
- **November 2002** – Present the COMPensate recommendations to the Operations Committees

# *Timeline for 2002 Update*



- **December 2002** – Operations Committee recommendation concerning 2003 salary range adjustments to the Board of Directors at the December 2002 board meeting
- **January 2003** – Implement new salary structures



*Questions?*

# *COMPensate Wage & Salary Plan*



*Administration of Merit Increases  
for Non-Represented Employees*

*Finance Committee*

*July 10, 2002*

## *Merit Increases*

- Merit increases are awarded to non-represented employees annually based on individual performance and their compa-ratio
- The compa-ratio is the employee's current salary divided by their salary grade midpoint

# *Sample Merit Increase Matrix*

Rating/Compa Ratio	0.95 and Lower	0.96 to 1.05	1.06 and Over
Exceeded Expectations	W%	X%	Y%
Met Expectations	X%	Y%	Z%
Didn't Meet Expectations	N/A	N/A	N/A



*Questions?*