## 2016-2017 WAGE TRENDS REPORT





#### INTRODUCTION

Welcome to the MBL Group's 2016-2017 Wage Trends Report. For the past 18 years, MBL has been pleased to provide a complimentary review of actual and projected base salary and structure increase trends.

This year's wage trends data displays base pay and structure movement for the following geographic areas:

National

o Oregon

Pacific Northwest

o Portland

For the past five (5) years, nationally, base pay increases have hovered around 2.7% - 3%. Similarly, predictions for base pay increases in 2017 are again projected to be 3%. Oregon and SW Washington, as well as Portland trending have followed suite - mirroring the national trending.

Pay structure movement has consistently increased since 2010. For 2 years in a row, pay structure movement has hovered at 2%. Projections for structure movement in 2017 remain at the 2% level.

#### National & Regional Trends Update

Every year since 1999, MBL Group has collected compensation trend information and published our complimentary Wage Trends Report to assist our clients and friends in their budgeting, salary review and planning processes.

This year's data summarized has been compiled from the following sources:

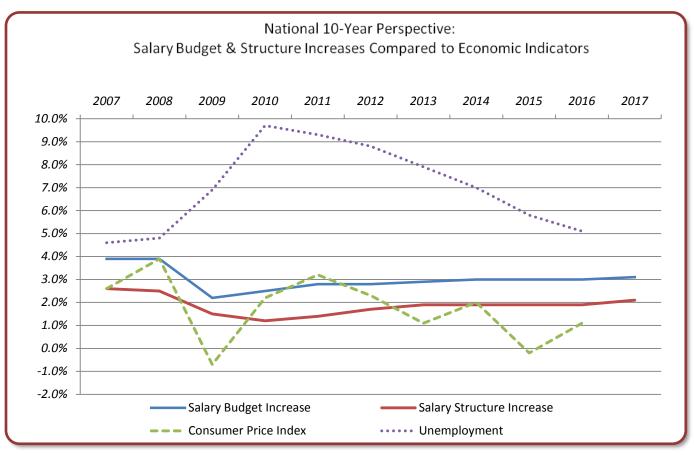
- AON
- BLR
- Conference Board
- Dolan
- Empsight International
- Economic Research Institute (ERI)

- Korn Ferry Hay Group
- Milliman, Inc.
- SHRM
- Willis Towers Watson
- And our best friends at WorldatWork



#### HISTORICAL PERSPECTIVE

# 10-YEAR LOOKBACK ON SALARY BUDGETS & STRUCTURE INCREASES COMPARED TO CPI AND UNEMPLOYMENT All Organizations



SOURCE: WORLDATWORK 2016-2017 SALARY BUDGET SURVEY

I love this chart. This is THE BEST perspective I've seen to show the historical deltas between popular economic indicators and salary trending.

Historically, there has been a correlation between national salary budget increase trends and the prior year's rates of unemployment and inflation. With the consistent pace of wage growth in recent years (3% annually), there has been much speculation about how drops in unemployment would eventually heat the labor market and trigger wage growth. Unemployment continues to fall to near "full employment" levels, but salary budget growth remains flat. The drop in unemployment may in part be attributed to the number of job seekers who have given up looking for work.

#### **SALARY BUDGET INCREASE TYPES**

#### 4- YEAR NATIONAL TRENDS

#### **All Organizations**

Organizations budget salary increases in a variety of ways. The majority of organizations today utilize merit (performance) based increases as the preferred method for annually adjusting salaries of staff. "General increases / COLA" and "Other Increases" are also utilized, but to a lesser extent.

National	Actual	Actual	Actual	Projected
	2014	2015	2016	2017
General Increase / COLA	1.4%	1.3%	1.4%	1.6%
	(n=1,088)	(n=1,065)	(n=1,011)	(n=749)
Merit Increase	2.8%	2.8%	2.7%	2.9%
	(n=5,875)	(n=5,839)	(n=5,365)	(n=5,368)
Other Increase	0.8%	0.7%	0.9%	0.8%
	(n=1,524)	(n=1,546)	(n=1,691)	(n=1,530)
Total Increase	<b>3.0%</b> (n=6,370)	<b>3.0%</b> (n=6,242)	<b>3.0%</b> (n=6,288)	<b>3.1%</b> (n=5726)

SOURCE: WORLDATWORK 2016-2017 SALARY BUDGET SURVEY

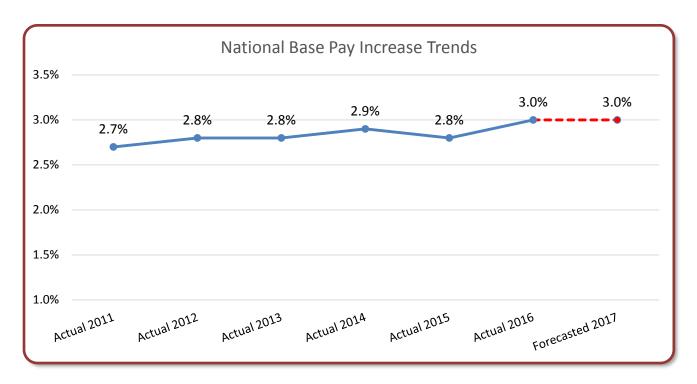
PLEASE NOTE IN THE CHART ABOVE, THAT THE THREE CATEGORIES OF INCREASES DO NOT ADD TO "TOTAL INCREASE". THIS IS BECAUSE NOT EVERY ORGANIZATION UTILIZES ALL THREE INCREASE TYPES.



## **OVERALL SALARY / BASE PAY INCREASES**

#### 6 - YEAR NATIONAL TRENDS

**All Organizations** 



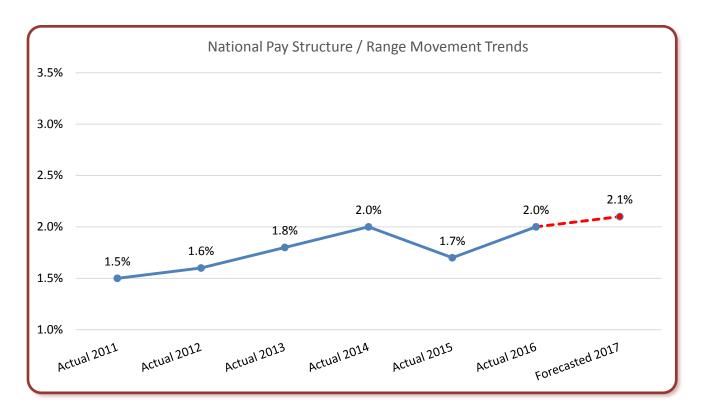
#### REGIONAL SALARY /BASE PAY INCREASES

Actual	Oregon	Portland Metro	
2011	2.6%	2.4%	
2012	2.7%	2.6%	
2013	2.8%	2.8%	
2014	2.9%	2.8%	
2015	3.0%	3.0%	
2016	3.1%	3.0%	
Forecasted 2017	2.9%	3.0%	

## STRUCTURE / RANGE MOVEMENT

#### 6 - YEAR NATIONAL TRENDS

**All Organizations** 



#### **REGIONAL STRUCTURE MOVEMENT**

Actual	Oregon	Portland Metro	
2011	1.4%	1.6%	
2012	1.7%	1.8%	
2013	1.7%	1.9%	
2014	n/d	1.8%	
2015	2.3%	2.1%	
2016	2.1%	2.0%	
Forecasted 2017	2.1%	2.0%	

## 2016 - 2017 SALARY / BASE PAY INCREASES BY INDUSTRY

#### **REGION: NATIONAL**

2016 Actual		2017 Projections		
Banking / Insurance	3.0%	Banking / Insurance	3.2%	
Distribution / Wholesale / Retail	2.8%	Distribution / Wholesale / Retail	2.9%	
Healthcare	2.8%	Healthcare	2.8%	
Utilities	2.7%	Utilities	2.8%	

#### **REGION: PACIFIC NORTHWEST**

2016 Actual		2017 Projections		
Banking / Insurance	3.3%	Banking / Insurance	3.3%	
Distribution / Wholesale / Retail	3.0%	Distribution / Wholesale / Retail	3.0%	
Government / Education	2.5%	Government / Education	2.6%	
Healthcare	3.1%	Healthcare	3.0%	
Manufacturing	3.1%	Manufacturing	3.2%	
Nonprofit	2.8%	Nonprofit	3.1%	
Services	2.3%	Services	2.7%	
Utilities	2.8%	Utilities	3.1%	

#### **REGION: PORTLAND**

2016 Actual		2017 Projections		
Banking / Insurance	3.1%	Banking / Insurance	3.1%	
Distribution / Wholesale / Retail	3.1%	Distribution / Wholesale / Retail	3.1%	
Government / Education	3.2%	Government / Education	3.4%	
Healthcare	3.0%	Healthcare	2.9%	
Manufacturing	2.7%	Manufacturing	2.7%	
Nonprofit	3.1%	Nonprofit	3.2%	
Services	3.0%	Services	3.3%	
Utilities	2.9%	Utilities	3.1%	

#### VARIABLE PAY

#### 3 - YEAR TRENDS

#### **All Organizations**

Nationally, 84% of organizations surveyed utilize variable pay plans in their total compensation strategy.

Variable pay is defined as the percent of payroll designated by the organization to award to employees for performance based, lump-sum, short-term cash awards during the plan year. These awards typically include formal plans such as organization-wide awards, business unit awards, and/or individual awards. Variable pay plans specific to sales incentive awards or cash awards for recognition are excluded from the data below.

Western US	Non-Exempt Hourly Nonunion	Nonexempt Salaried	Exempt Salaried	Officers/ Executives
2015				
Average percent budgeted	5.5%	6.0%	12.6%	40.7%
Average percent paid	5.3%	6.4%	12.9%	40.4%
2016				
Average percent budgeted	5.4%	6.0%	12.7%	40.5%
Projected percent paid	5.5%	6.5%	13.2%	40.0%
2017				
Projected percent budgeted	5.4%	6.0%	12.6%	39.5%

SOURCE: WORLDATWORK 2016-2017 SALARY BUDGET SURVEY



#### MBL Group, LLC

#### STRATEGIC HUMAN RESOURCES SOLUTIONS

MBL Group designs human resources solutions targeted to meet your business goals. Over 90% of MBL's consulting work is in the compensation arena, including the design and delivery of base pay and performance management programs, custom survey development, total compensation assessments, as well as creation and implementation of profit sharing plans, management incentive plans, and commissioned sales plans. For over 24 years, MBL has been a trusted partner to clients across all sectors and industries, including healthcare, technology, retail, manufacturing and services companies, as well as nonprofit organizations.

MBL works with you as a partner. We work to understand your business, mission and values and produce results that meet your goals and budget. Regardless of size or scope of the project, our focus is on adding value for your organization, whether that is working with you to design compensation systems, help you find the right fit in an executive search or providing coaching to a key employee. We earn trust by delivering results and being a responsible steward to all of our clients.



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