

## **Pay Increases Suspended: State Governments Especially Hard Hit**

In a survey released July 30, IPMA-HR and Fox Lawson & Associates, a division of Gallagher Benefit Services, found that a high percentage of employee increase and pay structure budgets were frozen or suspended for this year.

Sixty percent of all organizations reported suspending pay increases and 44 percent reported suspending pay structure increases. State governments appear to be especially hard hit by the suspension of employee increases and pay structure increases with 91% reporting pay freezes and 73% of state suspending pay structure adjustments.

“The findings of this survey are consistent with data that we have been reviewing from other sources. The impact of the current economic conditions is not only having a direct effect on pay now, but will likely have an impact on the work environment in the future,” said Jim Fox, of Fox Lawson & Associates.

“We are finding that forward thinking organizations are taking note and starting a conversation with their elected officials about how work needs to be reorganized for long term success for both the organization and the employee,” continued Fox.

The survey asked IPMA-HR members to answer the following question: What actions and changes, if any, has your organization taken or is planning to take in regards to your pay system to address the current economic conditions? Please indicate below if your organization has taken or plans to take this calendar year (2010) any of the following listed actions. Organizations were provided with a listing of 28 possible actions and an “Other” option.

Other common actions that have been taken include:

- Eliminating or suspending pay for performance programs (23%),
- Conducting a compensation study (19%),
- Eliminating or suspending incentive and bonus plans (18%),
- Postponing a compensation study or lengthening the time between salary surveys (14%), and
- Lengthening the time between pay increases (13%).

For 2010, employee increase budgets were forecasted by organizations at less than 1%. Only 8% of responding organizations have made no changes to their pay systems due to economic conditions and only 3% expects to make no changes during the rest of 2010.

Data was collected from 317 government employers across the country between June 29 and July 13.

IPMA-HR and Fox Lawson will continue to conduct short, on-line surveys regarding pay administration related topics throughout the remainder of 2010. Please look out for the

survey invitation emails from IPMA-HR near the end of the third quarter of this calendar year. If you have any questions regarding this survey, please contact Bruce Lawson ([bruce\\_lawson@foxlawson.com](mailto:bruce_lawson@foxlawson.com) or 602-840-1070) or Jim Fox ([jim\\_fox@foxlawson.com](mailto:jim_fox@foxlawson.com) or 651-635-0976).