



# Board of Retirement Special Meeting

## Sacramento County Employees' Retirement System

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### Agenda Item 3

**MEETING DATE:** November 30, 2017

**SUBJECT:** Proposed Unrepresented Management  
Compensation Plan

**SUBMITTED FOR:** \_\_\_ Consent      X Deliberation and Action      \_\_\_ Receive and File

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#### **RECOMMENDATION**

The Board's Ad Hoc Compensation Policy Committee ("the Committee") recommends that the Board approve the proposed salary adjustments for SCERS' unrepresented management employees consistent with the SCERS Compensation Policy approved by the Board in October 2017, based on updated labor market data as collected and analyzed by SCERS' compensation consultant Ralph Andersen & Associates.

#### **PURPOSE**

To ensure that SCERS has the ability to attract and retain well-qualified employees and ensure that SCERS' compensation practices are competitive and consistent with those of comparable employers.

#### **DISCUSSION**

As directed by the Board, the Committee has reviewed the compensation survey data and analysis provided by SCERS' compensation consultant Ralph Andersen & Associates using the SCERS Compensation Policy adopted by the Board in October 2017. Using the seven-agency size optimized labor market, the survey findings show that the base salaries for SCERS unrepresented management benchmark job classifications (except Chief Executive Officer) are significantly below the labor market median (50<sup>th</sup> percentile). The recommended compensation adjustments are large simply due to the fact that SCERS has not implemented any market based salary adjustments for its unrepresented management positions in over ten years.

The Committee recommends the Board approve the Proposed Compensation Plan which would increase the salaries over two adjustments twelve months apart. The first adjustment would increase salaries by two-thirds, and the second adjustment one year later would increase the salaries by one-third, of the total difference between the current salary and median market salary for the benchmark classes.

Doug Johnson, Vice President of Ralph Andersen & Associates, will present the results of the labor market survey and proposed compensation plan to the Board at the Special Meeting. The Committee looks forward to the Board's discussion.

The proposed salary adjustments will help ensure that SCERS has the ability to attract and retain top talent, which is of particular importance at this point in time as SCERS welcomes its new Chief Executive Officer in early December 2017. Retaining the knowledge and experience of SCERS current senior management professionals to assist the new CEO is vital to the continued success of SCERS' investment program, member and benefit services, and day-to-day operations.

SCERS is a well-run, well-funded retirement system, and has experienced significant growth and change in terms of plan assets and the sophistication of its investment program, as well as the increased complexity of benefit administration and financial operations. This, along with SCERS' multi-year IT modernization program, makes it essential that SCERS have the tools to attract and retain highly-qualified and experienced investment and pension professionals capable of meeting the challenges of investing in a global economy, modernizing retirement services as SCERS enters the 21<sup>st</sup> century, and continuing growth to beyond \$10 billion in assets.

## **BACKGROUND**

In the past two years, SCERS has lost its two most senior executives due to compensation levels well below market: The former Chief Investment Officer who was nationally recognized for innovation in institutional investing while at SCERS, and the former Chief Executive Officer who led SCERS for 13 years.

With the current unrepresented management employees' salaries significantly below market, SCERS faces a substantial risk of losing one or more executives to other employers who are able to pay more for top talent. The proposed compensation plan would enable the Board to meaningfully reduce this risk at a crucial time as SCERS on-boards its new CEO.

On August 16, 2017, the Board President established a three-member Ad Hoc Compensation Policy Committee ('the Committee') to develop a proposed SCERS Compensation Policy for consideration and action by the Board.

On October 18, 2017, the Committee recommended, and the Board approved, the proposed SCERS Compensation Policy. The Board also directed the Committee to apply the Compensation Policy to the data obtained in the labor market survey for SCERS exempt positions conducted by Ralph Andersen & Associates and prepare a proposed compensation plan for the Board's consideration.

You may recall that the proposed SCERS Compensation Policy was provided to the County for review and comment prior to the Committee's meeting at which the recommended policy was finalized for Board consideration. The County's comments at that time indicated that, to the extent the County views SCERS' unrepresented management classifications as comparable to

County classifications, there is a concern that a compensation plan developed pursuant to SCERS Compensation Policy could result in compensation differences between the SCERS and County classifications.

**ATTACHMENTS**

Proposed Compensation Plan for SCERS Unrepresented Management Employees

Presentation by Ralph Andersen & Associates of SCERS Unrepresented Management Compensation Survey 2017

Ralph Andersen & Associates Memo of November 27, 2017 regarding Compensation Analysis of Unrepresented Management Jobs

SCERS Compensation Policy adopted by the Board October 2017 (for reference)

Prepared by:

/s/

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Annette St. Urbain  
Interim Chief Executive Officer

**PROPOSED COMPENSATION PLAN  
SCERS UNREPRESENTED MANAGEMENT EMPLOYEES  
NOVEMBER 30, 2017**

SCERS FUNCTIONAL TITLE	CURRENT MAXIMUM ANNUAL BASE	RECOMM. ANNUAL MAXIMUM BASE	DOLLAR DIFFERENCE	PERCENT CHANGE	RECOMMENDED IMPLEMENTATION OF PROPOSED ADJUSTMENT TO BASE	
					SALARY ADJUSTMENT 1 (2/3 of total diff)	SALARY ADJUSTMENT 2 (12 Months Later) (1/3 of total diff)
Chief Executive Officer	\$230,390	\$253,596 *	\$23,206	10.1%		
Chief Investment Officer	\$176,728	\$242,195	\$65,467	37.0%	\$43,645	\$21,822
General Counsel	\$163,261	\$221,694	\$58,433	35.8%	\$38,955	\$19,478
Chief Operations Officer	\$150,315	\$207,948	\$57,633	38.3%	\$38,422	\$19,211
Chief Benefits Officer	\$150,315	\$207,948	\$57,633	38.3%	\$38,422	\$19,211
Chief Strategy Officer	\$150,315	\$207,948	\$57,633	38.3%	\$38,422	\$19,211
Deputy Chief Investment Officer	\$150,315	\$207,948	\$57,633	38.3%	\$38,422	\$19,211

\* Maximum annual salary for SCERS CEO position as adopted by County BOS in June 2017 is \$253,695, consistent with market median.  
A CEO salary above the \$230,400 control point requires County Executive Officer approval as delegated by BOS.

# SCERS

# Unrepresented Management Compensation Survey 2017

Doug Johnson, Vice President

Ralph Andersen & Associates

# Objectives of Market Surveys

- Retain and attract highly qualified employees
  - Keep turnover rates low
  - Maintain optimal, efficient workforce
  - Retain key skill sets
- Offer an overall compensation package which is at or above the industry market
  - Typically 50<sup>th</sup> to 75<sup>th</sup> percentile
- Establish fair and equitable salary levels
- Ensure that salary and benefit decisions are data based

# Why Market Surveys

- Anticipate and understand what market is doing
- Be deliberate in making changes or allocating resources to wages and benefits
- Minimize market surprises where key resources are suddenly scarce or are recruited away from SCERS
- Provide context for peer systems and agencies
- All employers, public and private sector, monitor labor markets; salary surveys serve as industry metrics for pay and benefits

# Survey Agencies

- Initial consideration of all California retirement systems
- Selection of optimal 7 agencies based on size
- Additional reporting of PERS and STRS

Exhibit A - Survey Agencies

Agency	Assets	Membership	ERI COL <sup>1</sup>	ERI Wage <sup>2</sup>
SCERS	\$7.8 Bil	25,299	100.0	100.0
Alameda County ERA	\$6.6 Bil	22,202	128.3	111.4
Contra Costa County ERA	\$7.1 Bil	18,471	100.5	111.6
Fresno County ERA	\$4.0 Bil	17,020	79.9	96.3
Kern County ERA	\$3.6 Bil	16,904	84.1	100.0
PERS *	\$279.5 Bil	1,815,699	100.0	101.1
San Bernardino County ERA	\$8.0 Bil	34,471	84.8	99.3
City of San Diego ERS	\$6.8 Bil	20,000	142.2	101.3
State Teachers' Retirement System *	\$192.0 Bil	895,956	100.0	101.1
Ventura County ERA	\$4.4 Bil	17,078	113.3	102.8
<b>Median (not including PERS/STRS)</b>	<b>\$6.6 Bil</b>	<b>18,471</b>	<b>106.8</b>	<b>100.4</b>

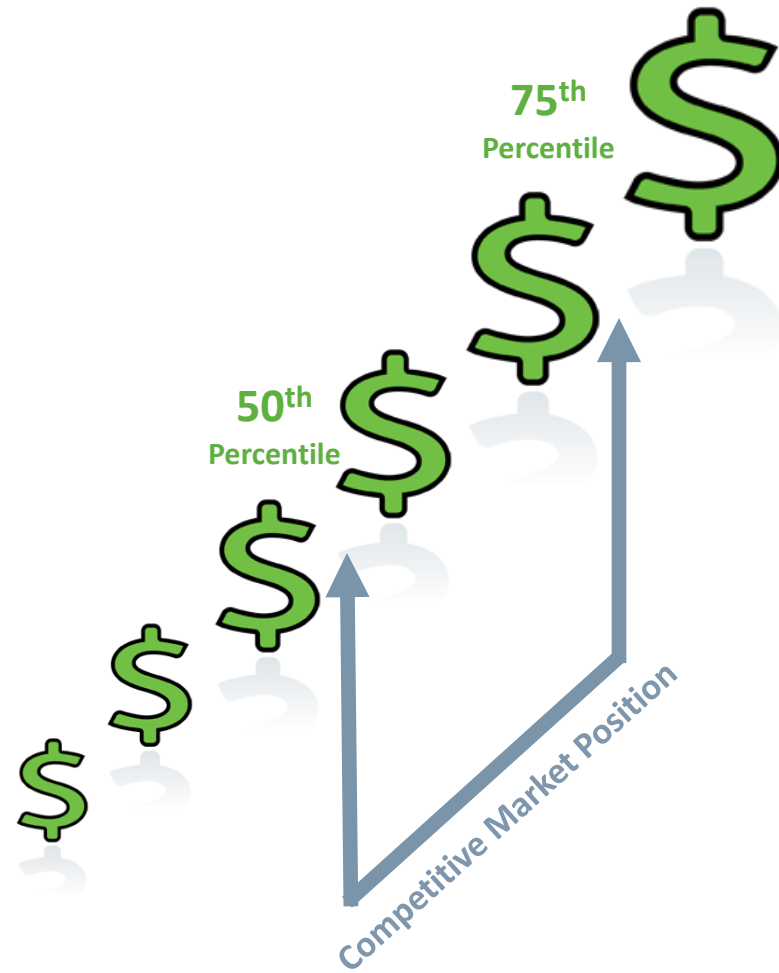
<sup>1</sup> Source: Economic Research Institute Relocation Assessor

<sup>2</sup> Source: Economic Research Institute Geographic Assessor



# Market Position

- Establishes competitive position
- Can vary based on recruiting issues
- Anchoring point for a pay range
- Historical practices and ability to pay may need to be considered

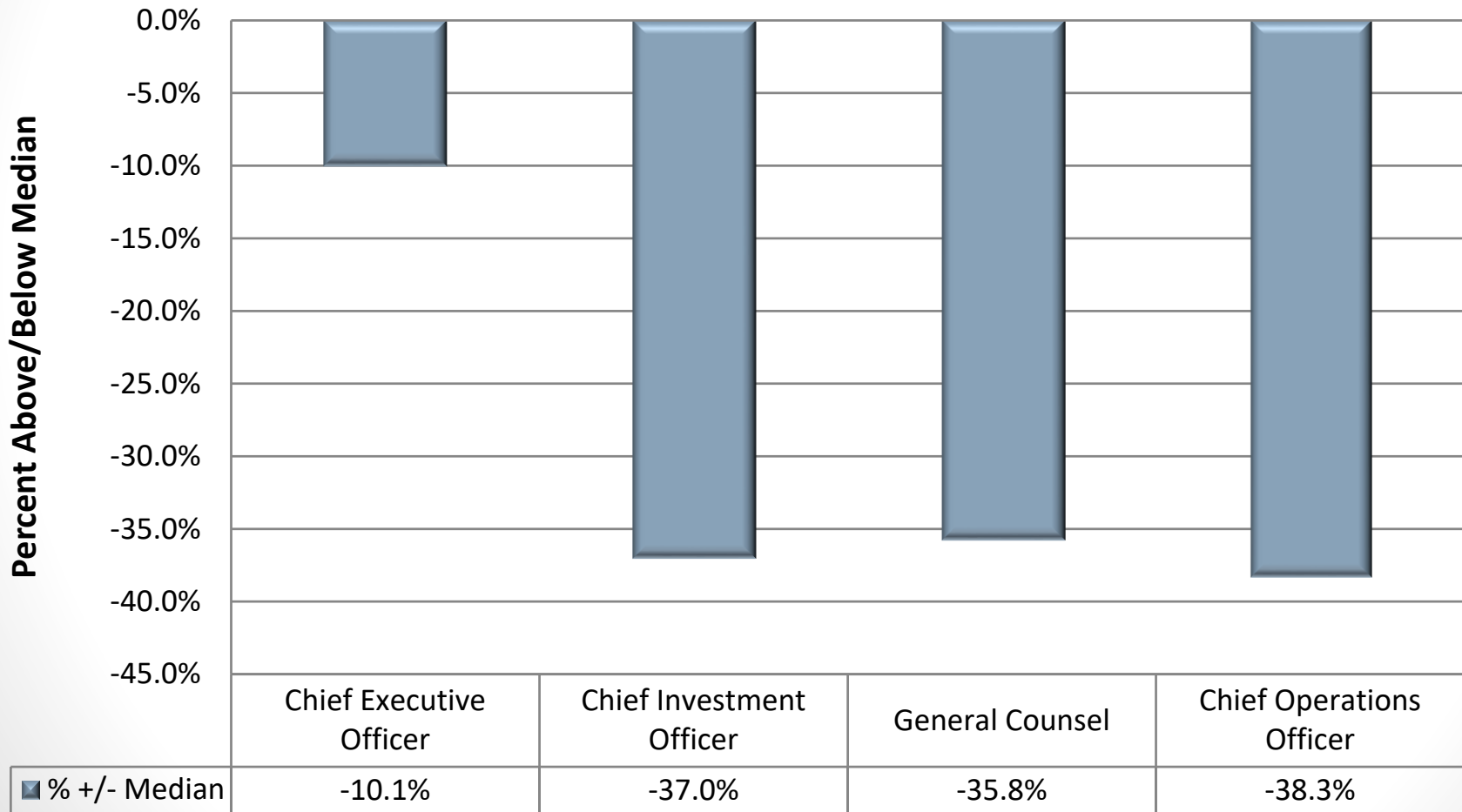


# Compensation Policy

- Use of optimal 7 retirement systems
- Market position equal to the median (50<sup>th</sup> percentile)
- No adjustment for market location
  - Seven survey agencies represent a balanced view of the market with higher, lower, and similar economic areas
  - Relative wage index (ERI) demonstrates few differences
  - Recognizes the state-wide recruitment market for managers

# Base Salary Survey Results

## Base Salary Comparisons – Size Optimized 7



Benchmark jobs

# Benefits Analysis

- Analysis does not indicate significant differences in benefits
- SCERS benefits are within 2% of market trends for all benefit categories except retirement
- The SCERS classic retirement benefit is significantly lower than peer agencies
  - Classic retirement tiers are the most relevant for recruitment and retention
  - SCERS base salaries would need to be 20% higher to equate to the same retirement benefit provided in most of the survey agencies

# Salary Range Adjustments

- Based on market survey results
- Some internal alignment ties
- Equity adjustments to bridge market gap
- While CEO was recently adjusted for the recruitment, the adjusted salary falls below the updated 2017-19 salaries

Job Title	Current Annual Max	Market Median (Benchmarks)	Recomm. Annual Max	Percent Change	Explanation for Adjustment
Chief Executive Officer	\$230,390	\$253,596	\$253,596	10.1%	Benchmark; set to market
Chief Investment Officer	\$176,728	\$242,195	\$242,195	37.0%	Benchmark; set to market
General Counsel	\$163,261	\$221,694	\$221,694	35.8%	Benchmark; set to market
Chief Operations Officer	\$150,315	\$207,948	\$207,948	38.3%	Benchmark; set to market
Chief Benefits Officer	\$150,315		\$207,948	38.3%	Same as Chief Operations Officer
Chief Strategy Officer	\$150,315		\$207,948	38.3%	Same as Chief Operations Officer
Deputy Chief Investment Officer	\$150,315		\$207,948	38.3%	Same as Chief Operations Officer

November 27, 2017

**TO:** Members of the Board of Retirement  
SCERS

**FROM:** Doug Johnson, Vice President  
*Ralph Andersen & Associates*

**SUBJECT:** Compensation Analysis of Unrepresented Management Jobs

*Ralph Andersen & Associates* was retained by SCERS to conduct a compensation review of SCERS unrepresented management jobs. This summary report provides the results of the analysis using the compensation policy adopted by the board in October 2017. The study included:

- The collection and analysis of compensation data from the seven retirement agencies identified in the SCERS compensation policy
- A review of benefits to determine any significant differences with market practices.
- The development of recommended salary range adjustments based on the results of the survey and the application of the SCERS compensation policy.

More detailed survey data is available in a separate report.

## Compensation Policy

In order to optimize the organization's ability to recruit and retain employees, the SCERS Board of Retirement adopted a compensation policy that incorporates the following elements:

- **Survey Agencies** – Based on prior analyses of California retirement systems and the recommendations of the consultant, the Board selected seven survey agencies that best represent the market within which SCERS competes. On balance, these agencies are similar in terms of size and represent the statewide recruiting market for unique SCERS jobs. Our analysis also indicates that while there are some economic differences (relative wages and cost of living), the survey market includes agencies in similar markets, higher markets, and lower markets. These agencies are provided in the table below.

Agency	Assets	Membership	ERI COL <sup>1</sup>	ERI Wage <sup>2</sup>
<b>SCERS</b>	\$7.8 Bil	<b>25,299</b>	<b>100.0</b>	<b>100.0</b>
Alameda County ERA	\$6.6 Bil	22,202	128.3	111.4
Contra Costa County ERA	\$7.1 Bil	18,471	100.5	111.6
Fresno County ERA	\$4.0 Bil	17,020	79.9	96.3
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San Bernardino County ERA	\$8.0 Bil	34,471	84.8	99.3
City of San Diego ERS	\$6.8 Bil	20,000	142.2	101.3
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<b>Median</b>	<b>\$6.6 Bil</b>	<b>18,471</b>	<b>106.8</b>	<b>100.4</b>

<sup>1</sup> Source: Economic Research Institute Relocation Assessor

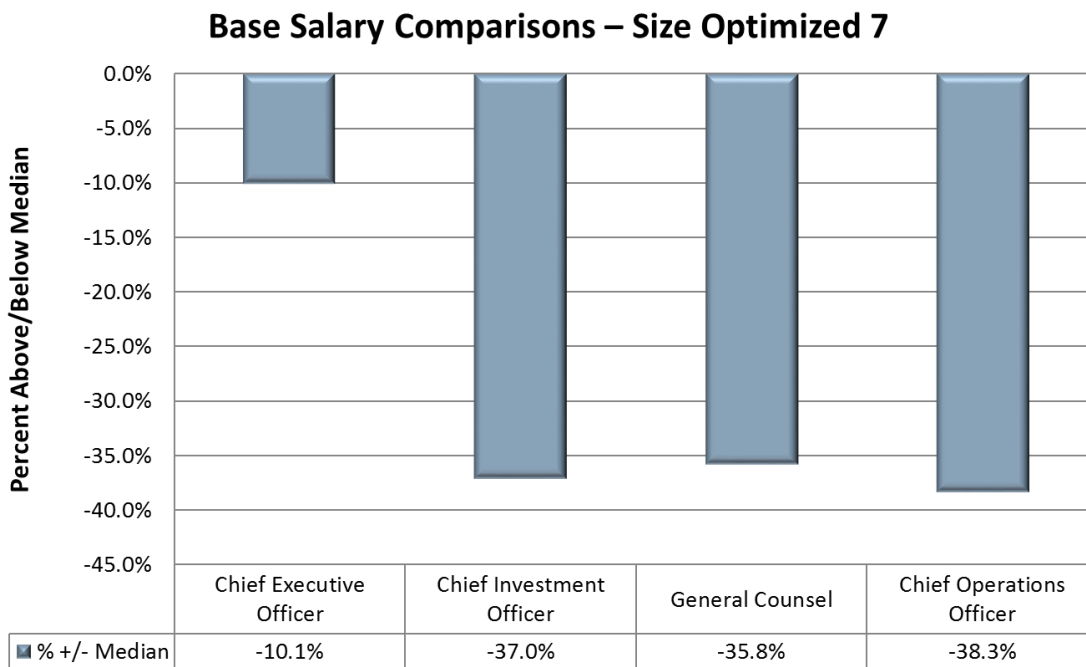
<sup>2</sup> Source: Economic Research Institute Geographic Assessor

The survey market also includes a review of PERS and STRS compensation levels since they are a strong local competitor, but does not include these agencies for purposes of calculating and establishing market position for benchmark jobs.

- **Market Position** – The Board of Retirement has adopted a middle market position with the goal of setting SCERS salary ranges equal to the market median (50<sup>th</sup> percentile).
- **Market Benchmarking** – The SCERS compensation policy also includes the selection of benchmark job classifications which are tied to the labor market and internal alignment relationships for non-benchmark jobs to ensure job equity within SCERS.

## Compensation Survey Findings

Based on an evaluation of the survey data, general salary trends in the marketplace have been identified. A summary of the salary survey using the labor market employers and the market median is provided in the following graph.



As shown in the graph, the organization’s four benchmark job classifications are significantly below the market median. This is not a surprising result since SCERS unrepresented management jobs have not had a market based salary adjustment in over ten years.

## Benefits Analysis

In addition to base salary, the consultants also analyzed benefit practices for unrepresented management jobs. The focus of the analysis was to identify any SCERS benefit practices that significantly altered the market position of the survey jobs. In summary, our analysis found:

- SCERS has cash benefits that are generally lower than the labor market
  - Most of the survey agencies have a deferred compensation benefit with benefit levels that range from 1% to 8% of salary with a median of 4.5%. SCERS provides a deferred compensation contribution of 1%

- Some agencies have additional longevity and education incentives.
- SCERS has insurance benefits that are consistent with the labor market (health, dental vision, life insurance, and long term disability).
- SCERS has a significantly lower retirement benefit
  - The classic retirement tier available for eligible new SCERS employees (the tier in effect December 2012 prior to PEPR) is a lower benefit formula than most of the market agencies which has a significant impact on retirement benefits (SCERS would need to pay a salary as much as 20% higher to equal the retirement benefits of most survey agencies)
  - The employer contribution cost for SCERS is significantly lower than the survey agencies with a market median of 25.9% compared to a SCERS contribution of 15.1%.

While it is not possible to change the SCERS retirement benefit for incoming employees, market differences may require additional consideration in base salary, a higher deferred compensation benefit, or a supplemental retirement plan.

## Recommendations

Based on our analysis of the market data and the compensation policy guidelines established by the Board of Retirement, the following provides salary range recommendations for all unrepresented management jobs.

Job Title	Current Annual Max	Market Median (Benchmarks)	Recomm. Annual Max	Percent Change	Explanation for Adjustment
Chief Executive Officer	\$230,390	\$253,596	\$253,596	10.1%	Benchmark; set to market
Chief Investment Officer	\$176,728	\$242,195	\$242,195	37.0%	Benchmark; set to market
General Counsel	\$163,261	\$221,694	\$221,694	35.8%	Benchmark; set to market
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Deputy Chief Investment Officer	\$150,315		\$207,948	38.3%	Same as Chief Operations Officer

## Salary Maintenance and Administration

Once the above salary range adjustments are implemented, SCERS should continue to conduct market surveys every third year to maintain equity with market practices. In the interim years, SCERS can use a Cost of Living Adjustment (COLA) or other market estimate during the budget process to maintain overall equity with annual changes in the market.

The salary range recommendations presented in this report are large simply because SCERS has not implemented any market-based salary adjustments for its management jobs in over ten years, despite the fact that retirement agencies continue to be competitive in the labor market. It should also be noted that labor market conditions and salary changes may be different for retirement agencies compared to county governments. Thus, salary adjustments based on county practices may not allow SCERS to maintain a competitive market position among its peer retirement agencies.





# Sacramento County Employees' Retirement Association

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## SCERS COMPENSATION POLICY

Creation Date: October 2017

Created By: Ad Hoc Compensation  
Policy Committee

Revision Date:

Revised By:

Policy Number: 64

Revision Number:

### PURPOSE

Establish a sound compensation policy to address SCERS' personnel needs that, along with an effective job classification system and the requisite authority to establish the necessary and appropriate staff size, structure and compensation, provide the cornerstone for SCERS' ability to successfully carry out its mission.

### OBJECTIVE

To provide consistency with respect to how compensation decisions are made, and help assure that compensation is addressed on a regular basis, and not allowed to languish such that 'marking to market' is a difficult and problematic exercise. Overall policy objectives include:

- Ensure that SCERS has the ability to recruit and retain well-qualified employees;
- Provide a defensible and rational basis for compensating employees;
- Allow flexibility for making compensation decisions based on changing market conditions;
- Recognize SCERS' responsibility as a public entity in establishing a compensation plan that is consistent with public practices; and
- Ensure that SCERS' compensation practices are competitive and consistent with those of comparable employers.

### APPLICATION

Currently, SCERS' staff falls into two categories with respect to how compensation is addressed:

County Civil Service - The majority of SCERS' staff positions are within the County Civil Service structure, and the compensation for those positions is determined either through collective bargaining, a County directed equity adjustment or a

County-conducted salary study. The compensation is then implemented through a salary resolution adopted by the Board of Supervisors.

Exempt - SCERS' unrepresented management employees are outside the County Civil Service structure. The position, job duties and compensation are established by the SCERS Board. However, the compensation for the exempt executive positions is implemented through a salary resolution adopted by the Board of Supervisors.

This policy applies to SCERS unrepresented management employees as identified in Appendix A.

## **COMPENSATION STUDIES**

A central component of this policy is the use of properly constructed compensation studies conducted by qualified compensation professionals to assess SCERS' competitiveness with market practices. Study data is necessary because labor markets are constantly changing in response to the availability of skill sets and fluctuations in economic conditions. These changes can vary among regions and across industries and employer types. Thus, an effective compensation study will provide:

- Market data that allows SCERS to be deliberate in making compensation-related decisions by reducing guesses or reliance on indices that may not reflect compensation practices.
- Detailed data that allows SCERS to anticipate changing market conditions and understand what peer employers are doing with respect to compensation and benefits.
- Transparency for employees and other stakeholders of the compensation data used in developing SCERS' compensation plan.

### **Study Objectives**

A properly constructed compensation study will achieve the following objectives:

- Collect and analyze salary and benefits data from employers similar to SCERS.
- Document comparisons with the SCERS compensation plan and identify any issues with the data, comparable jobs, or comparable employers.
- Conduct an internal relationship analysis and develop internal relationship guidelines.
- Present specific salary recommendations for a competitive compensation plan based on the results of the market survey and internal relationship analysis.

The compensation study and subsequent analysis provides a 'picture' of wage practices in the labor market for comparable jobs, and documents how SCERS' compensation for benchmark job classifications compares to similar employers. The results of the compensation study, therefore, provide a basis for compensating employees in a consistent, equitable, defensible, and competitive manner.

## Study Elements

### Labor Market Definition

One of the most important components of this policy is the definition of the employers or data sources that are used to measure the labor market within which SCERS must compete and for purposes of developing and maintaining SCERS' compensation plan. There are typically five important criteria used in identifying the employers that comprise an employer's labor market:

- **Historical Practices** — Over time, an employer will develop some level of continuity regarding labor market comparable employers for the purpose of conducting compensation studies. SCERS has a long history of surveying a specific set of employers and these historic practices are an important consideration if for no other reason than deviating from the long-term historical practice typically requires a strong, defensible rationale.
- **Nature of Services Provided** — In order to ensure comparable jobs are found when conducting a compensation study, it is important to use employers that provide similar services to SCERS. Employers who provide similar services are most likely to compete with one another for employees and will have similar organizational and operational characteristics. For that reason, SCERS uses public retirement systems as the primary source of employers used to measure the labor market.

SCERS may wish to consider comparisons to employers conducting a similar line of business in other segments of the marketplace, such as corporate pension plans, or endowments and foundations. While such employers, and their specific sub-market, may not be as comparable as other public retirement systems, they do compete for employees with the same skills as those at SCERS, and at a minimum, can provide context and another point of reference for assessing the compensation paid to SCERS' employees.

- **Geographic Proximity** – Geographic proximity of potential employers is one of the most important factors in identifying an organization's labor market. This factor is particularly useful because it identifies those employers that directly compete with SCERS to recruit and retain personnel. If a sufficient number of comparable agencies exist within close proximity to SCERS, the defined geographic area may be the local region. If comparably sized or similar services do not exist within close proximity, a wider geographic region may be necessary. SCERS' uses a statewide market to identify public retirement systems that have similar functions, services and jobs as the primary source of comparable employers.
- **Employer Size** — The more similar employers are in size and complexity, the greater the likelihood that comparable positions exist within both organizations. This factor is less important for jobs where employer size makes little difference in the nature of duties, and more important where employee levels or other resources are a defining characteristic of the job. For those jobs where size differences appear to influence wages, these differences can be factored into the data analysis. SCERS'

includes a balance of larger and smaller employers and makes appropriate adjustments when size impacts job comparability.

- **Economic Similarity** — While there are a number of economic factors that can be compared among employers, the most important factor related to compensation is cost of living. In some regions, living costs can vary significantly and have an important impact on how potential candidates evaluate compensation. This factor can be important if labor market employers are used beyond the local market, or if there are significant differences in the cost of living. Given that SCERS uses a statewide labor market that includes both higher and lower cost of living areas when compared to SCERS' location, no adjustments are made to reflect differences in cost of living.

Appendix B contains the Labor Market Definition for this policy.

### Labor Market Position

The relative position an organization maintains in the market to ensure its recruitment and retention needs are met within available financial resources. If the list of labor market employers is comparable overall, most public employers will adopt a market position at the middle of the market. Statistically, the middle of the market is the 50<sup>th</sup> percentile (median) with half the agencies above this point and half below. While this remains SCERS' typical practice under this policy, there may be circumstances where flexibility is warranted. For example, if SCERS experiences significant recruitment and retention challenges, SCERS may establish salary ranges above market median for select positions.

### Benefits Assessment

SCERS' compensation includes both base salary and employer-paid benefits. In order to understand how SCERS' benefits compare to the market, compensation studies will include an assessment of benefits. The results of a market benefit study can either be used to adjust salaries using a total compensation model, or the data can be used to adjust specific benefits. The major benefit categories a compensation study might include are:

- **Cash Equivalent Benefits** – These are benefits that are usually treated as cash and have a direct impact on how competitive the organization is relative to other employers. Examples of cash benefits include longevity pay, deferred compensation, and cafeteria plan allowances.
- **Insurance Benefits** – These benefits can be surveyed to determine trends for insurance costs, but this data should not be used for setting salary ranges since the fixed dollar amounts will have different impacts on jobs depending on whether they are high or low wage jobs.
- **Leave Benefits** – Accrual and cash-out benefits do not change frequently so they may only need to be surveyed when a specific issue or concern is identified. They are not used to compute total compensation.

- **Retirement Benefits** – Employer paid retirement costs are not typically included in total compensation surveys since rates typically don't reflect benefit levels. Rates can be influenced by workforce/retiree demographics, investment performance, benefit tiers, rate buy downs, and other factors. Social Security costs can be included, but it needs to be recognized that this benefit has a cost to the employer and the employee.
- **Other Benefits** – There are other benefits such as car/technology allowances, shift pay, furloughs, assignment pays, etc. which SCERS may want to analyze on an ad-hoc basis.

### Benchmark Classes and Internal Salary Relationships

The methods used to maintain internal equity across jobs and minimize salary compaction. SCERS Compensation plan is developed with a primary emphasis on market data, and secondary emphasis on internal salary relationships and job worth. A market-based compensation study identifies wage differences for “benchmark” classes; positions that are easily compared with other agencies. Where a benchmark class has several levels that are interrelated, one class may be benchmarked to market and the compensation for the other classes in the ‘series’ may be set relative to this benchmark using salary differentials. For non-benchmark classes, compensation levels are established using internal relationship guidelines among related jobs.

Appendix C lists the benchmark classes and describes the internal salary relationships for this policy.

### **Study Frequency and Application to Compensation Plan**

For purposes of maintaining competitive salary ranges, compensation study data should be collected every three years. While study data provides a precise measure of market trends for specific jobs and skill sets, significant market changes do not typically occur between jobs from year to year.

For non-compensation study years, cost-of-living adjustments as provided by the County to unrepresented management employees, consistent with historical practice, will apply to SCERS exempt positions.

Market comparisons use a +/- threshold whereby no salary adjustments are made if market deviations are less than five percent (5%). Thresholds above this amount may introduce salary inequities and are not recommended.

The objective of the market study is to anticipate and understand market trends, with salary adjustments being a deliberate change to maintain market position. If a job is significantly above the market, salary range adjustments should be frozen until the job drifts back to the desired labor market position.

**REPORTING**

Results of compensation studies conducted and proposed compensation plans prepared pursuant to this policy will be submitted to the Board as part of SCERS administrative budget process.

**RESPONSIBILITIES**

To ensure triennial compensations studies are conducted and compensation plans developed pursuant to this policy.

**FREQUENCY OF POLICY REVIEW**

As needed as determined by the Board or Chief Executive Officer.

**HISTORY:**

Adopted by Retirement Board of Retirement on October 18, 2017.

**APPENDIX A**

**SCERS UNREPRESENTED MANAGEMENT EMPLOYEES  
FUNCTIONAL TITLES AND COUNTY JOB CLASS TITLES**

<b>SCERS FUNCTIONAL TITLE</b>	<b>COUNTY JOB CLASSIFICATION</b>	<b>CLASS CODE</b>
Chief Executive Officer	Retirement Administrator	28318
General Counsel	Retirement General Counsel	29215
Chief Investment Officer	Chief Investment Officer - Retirement	27736
Deputy Chief Investment Officer	Asst. Ret. Administrator - Investments	29448
Chief Benefits Officer	Asst. Ret. Administrator - Benefits	29089
Chief Operations Officer	Asst. Ret. Administrator - Operations	29090
Chief Strategy Officer	Asst. Ret. Administrator - Enterprise Solutions Management	29581

**SCERS LABOR MARKET DEFINITION**

Alameda County ERA  
City of San Diego ERS  
Contra Costa County ERA  
Fresno County ERA  
Kern County ERA  
San Bernardino County ERA  
Ventura County ERA

This set of survey agencies represents public retirement systems throughout California that are closely aligned in terms of size (both assets and members) and comparable to SCERS.

Because SCERS is located in Sacramento, it is important to consider all local retirement organizations, including CalPERS and CalSTRS which, while significantly larger than SCERS, have a significant impact on local market conditions. Data will be collected from these agencies for each compensation study. Analysis and use of the data will be done in a way to ensure that skewing impacts of an unrepresentative sample of agencies do not occur, and to account for the impact of significant size differences.



**SCERS BENCHMARK CLASSES AND  
INTERNAL SALARY RELATIONSHIPS**

The following positions will be used as benchmark classes:

Chief Executive Officer / Retirement Administrator  
Chief Investment Officer - Retirement  
Retirement General Counsel  
Assistant Retirement Administrator

The compensation of the Assistant Retirement Administrators (Deputy Chief Investment Officer, Chief Operations Officer, Chief Benefits Officer, and Chief Strategy Officer) is set at the same level.