

TOTAL rewards in north carolina state government

TOTAL rewards – what is it?

Many employees assume that the reward they receive for the work that they do begins and ends with the “gross pay” amount printed on their pay stub. [World at Work](#) defines “Total Rewards” as “the total monetary and non-monetary returns provided to employees in exchange for their time, talents, efforts and results.” The Total Rewards concept includes base pay and other cash compensation, but also takes into account employee benefits, work-life, recognition, and development programs. In 2002 the [Corporate Leadership Council](#) cited five of the top ten overall job attributes as components of the Total Rewards Concept:

Top 10 Job Attributes	Total Rewards Function
1. Base pay	X
2. Manager quality	
3. Health benefits	X
4. External equity	X
5. Hours worked	
6. Job fit	
7. Retirement benefits	X
8. Bonus	X
9. Empowerment	
10. Location	

Each of these components is valued by potential or existing employees to different degrees. According to the CLC, compensation is generally a greater driver for potential employees, but other total rewards components carry more weight in retaining existing employees. Likewise, organizational culture may place priority on some components over others. In order to attract, motivate and retain the kind of employees that an organization wants, it is important that each of these components be linked to its culture and business strategies.

The CLC identifies five critical attributes for an Employee Value Proposition (EVP): Rewards, Opportunity, Organization, Work, and People. The bulk of the Total Rewards concept falls under the “Rewards” attribute, which includes compensation, health benefits, retirement benefits and paid leave. Not surprisingly, compensation and health benefits are the top two attraction drivers for US employees.

TOTAL rewards in north carolina

While cash compensation is often the centerpiece of a rewards package, rewards for North Carolina state employees go far beyond their salaries. N.C. state employees receive many valuable benefits in addition to their regular pay. These benefits cost the state money, but are received by the employee in the form of health insurance, paid time off, training, retirement benefits and a number of other means. It is important that this message be conveyed to potential employees as a recruitment tool and to existing employees as a means of promoting retention. Continued employment with the State provides additional enhanced benefits such as increased vacation time, disability benefits and longevity bonuses.

The following table provides a snapshot of the Total Rewards an average North Carolina state employee might have received in 2006 (note that benefits total over 44% of the average employee’s base compensation):

BENEFITS as an average percentage of salary and wages

CATEGORY	PERCENTAGE OF TOTAL COMPENSATION	DOLLAR VALUE
Holidays	4.62%	\$1,781
Sick Leave	4.62%	\$1,781
Vacation Leave	7.60%	\$2,930
Community Involvement Leave	1.15%	\$443
OASI – DI [Social Security]	7.65%	\$2,950
Retirement <ul style="list-style-type: none"> • Retirement Systems Pension Fund (2.66%) • Death Benefit Trust Fund (0.16%) • Retiree Health Plan Reserve (3.80%) • Disability Income Plan (0.52%) 	7.14%	\$2,753
Health Insurance (\$321 per month)	9.99%	\$3,854
Longevity Pay	1.50%	\$578
Total Benefit Value	44.27%	\$17,070
<p>2006 end-of-year average years of state service (15.0 years; note that vacation and longevity rates would increase in 2007 for this “average employee”) and average salary (\$38,559) was used for the above calculations. Total percentage is added to base pay.</p>		
Sources: Office of State Personnel, Office of State Budget and Management and NC Retirement System	Total Base Pay	\$38,559
	Total Benefit Value	\$17,070
	Total Compensation	\$55,629

The above figures include the basic benefits available to all N.C. state employees. Many employees receive additional cash compensation such as shift differentials or emergency callback pay. Employees may also receive non-cash or indirect compensation such as compensatory time, savings from pre-tax

deductions (401k, flexible benefits, etc.) or tuition reimbursement. An example of an expanded “Total Rewards Statement” that an average N.C. state employee might have received in 2006 can be found [here](#). A comprehensive list of N.C. state employee benefits can be found [here](#).

www.performanceSolutions.nc.gov/motivationInitiatives/RewardsandRecognition/TotalRewards/TotalRewardsinNorthCarolinaStateGovernment.pdf