



2009 Mini-Survey Report Pay Planning & Other Changes

Mini-Survey of Pay Planning and Other HR Changes for 2009

PRM Consulting Group, Inc. (**PRM**) is pleased to present the results of our premier “mini-survey” of pay planning and other human resource changes for the 2009 calendar year. The purpose of the survey, which was conducted in mid-November 2008, is to determine whether not-for-profit organizations are planning to modify their salary budgets and other HR practices given current economic conditions, as well as to summarize the changes that survey respondents are planning to implement.

Highlights:

A total of 44 organizations responded to the November mini-survey. An alphabetical listing of survey respondents is provided on pages 3-4 of this report. Surprisingly, the majority of survey respondents (70%) indicated they do not anticipate reducing their salary budgets or making other changes in spite of the economic downturn.

However, the survey respondents who are planning to make changes to their pay budgets next year indicated they intend to implement fairly significant budget reductions. The largest reductions reported are for top executive salary increases (2.6% average reduction), while salary budget reductions for non-management positions are anticipated to be less than 2%, overall.

Survey respondents who are undertaking changes to their pay planning for next year are likely to be scaling back on their variable pay programs, since more than half of them (54%) are either reducing payouts or suspending them entirely for 2009.

Finally, while survey respondents reported they are considering a variety of other staffing and/or organizational changes, the magnitude of these changes is relatively small in the aggregate and the consensus view is a “wait and see” approach as market conditions become more clear. Specifically, only 16% of all survey respondents will implement a hiring freeze, and only 14% of them plan make reductions in staff next year.

Survey Results:

Question #1: Has your organization already made (or does it anticipate making) changes to its pay planning for 2009 as a result of market conditions?

Yes	No
30%	70%

Question #2: Will these changes affect your entire staff or selected employees only? (*Note: Figures reported are as a percent of “yes” answers for question #1.*)

All Employees	Selected Employees
100%	--

Question #3: If changes are anticipated, please report your organization's original and modified salary increase budgets for the new fiscal year. (*Note: Percentage figures reflect average pay change budgets reported and exclude zero values.*)

Top Executive		Management	
Original	Modified	Original	Modified
4.0%	3.3%	3.8%	3.0%

Other Exempt		Non-exempt	
Original	Modified	Original	Modified
3.9%	3.3%	3.6%	3.3%

A summary of the original 2009 salary increase budgets reported for all survey participants is provided in the table shown below:

Staff Level	SUMMARY STATISTICS			
	25th Percentile	Mean	Median	75th Percentile
Top Executive	4.0%	4.2%	4.1%	4.5%
Management	3.6%	4.1%	4.0%	4.5%
Other Exempt	3.6%	4.1%	4.0%	4.5%
Nonexempt	3.6%	4.1%	4.0%	4.5%

The definitions of the reported summary statistics are as follows:

- 25th Percentile – the figure above which 75% of all other reported figures fall
- Mean – the simple average of all figures reported
- Median – the figure above and below which half of all other reported figures fall
- 75th Percentile – the figure above which 25% of all other reported figures fall.

In total, seven survey respondents (or 16% of them) reported they will be reducing their salary budgets next year. The average reductions in salary budgets reported for various staff levels are as follows:

- Top Executive – 2.6% reduction
- Management – 2.1% reduction
- Other Exempt – 1.9% reduction
- Nonexempt – 1.2% reduction.

Among these organizations, four survey respondents reported they are suspending salary increases for their employees next year. One survey respondent reported salary adjustments will be delayed.

Question #4: Has your organization already made (or anticipate making) changes to its variable pay (bonuses, incentives) planning for 2009? (*Note: Figures are as a percent of "yes" answers for question #1.*)

Yes	No
54%	46%

Question #5: If yes, please indicate the types of changes to be made.

Reduced Payouts	No Payouts
43%	57%

Other variable pay program changes under consideration or to be implemented next year include the following:

- Bonus program will be implemented for the first time.
- Possibly no payouts.
- Reduce payments by half until market conditions are known.

Question #6: Does your organization anticipate making other changes in response to market conditions?

Hiring Freeze	Reduction in Staff	Reorganization
16%	14%	5%

Other staffing and/or organizational changes under consideration were reported as follows:

- Review organization's expenses to identify areas (other than staff reductions) that can be trimmed down.
- Delay salary increases until 2Q to await results of primary revenue generating activities.
- Staff reductions already implemented.
- Eliminated a part-time position last July.
- Keep more funds in CD's rather than longer-term investments.
- Outlining contingencies only at this time; monitoring indicators and will determine changes as conditions dictate. ***(Reported by four survey respondents)***
- Undertake product portfolio evaluation.
- Reduce expenses where possible.
- Reduce in the number of new positions for 2009.
- Watch expenditures more closely; move some equipment purchases into 2008 due to favorable budget projections.
- We are hiring staff.
- Encourage staff to reduce and defer spending where they can.

Survey Respondents:

American Academy of Optometry
 American Academy of Orthopaedic Surgeons
 American Anthropological Association
 American Association of Engineering Societies
 American Astronomical Association
 American Benefits Council
 American Geological Institute
 American Industrial Hygiene Association
 American Institute of Physics

Survey Respondents (continued):

American Kidney Fund
American Mathematical Society
American Meteorological Society
American Physical Society
American Physiological Society
American Society for Quality
American Society of Naval Engineers
American Water Works Association
American Welding Society
AOAC International
ASAE & The Center for Association Leadership
ASME
Associated General Contractors - AGC Houston

Center for American Nurses
Center for Marine Conservation
CFA Institute

Institute for Operations Research and the Management Sciences
International Association for the Study of Pain
International Franchise Association
International Precious Metals Institute

National Association of the Remodeling Industry
National Federation of Independent Business

Optical Society of America

Project Management Institute

Society for Biomolecular Screening
Society for Industrial and Applied Mathematics
Society for Maintenance and Reliability Professionals
Society for Neuroscience
Society of Exploration Geophysicists
Society of Manufacturing Engineers
Soil and Water Conservation Society

Technical Association of the Pulp and Paper Industry
The Canadian Society of Civil Engineering
The Minerals, Metals, and Materials Society
The Wire Association International

About PRM Consulting Group:

PRM, formed in 1999 by experts from some of the world's top consulting and corporate firms, provides a fully integrated complement of consulting services tailored to meet our clients' human resource management needs. We focus on each client and work collaboratively with them to maximize employee performance and improve organizational efficiency.

With roots in rewards and performance consulting, PRM has grown into a broad-based organization and human resources consultancy with over 100 years of combined consulting experience. We regularly work with clients in a variety of areas, including:

- Employee benefits and perquisites
- Employment and recruitment
- Organizational development and communication
- Retirement and capital accumulation
- Rewards and recognition
- Training and development.

PRM is dedicated to helping not-for-profit organizations maximize and enhance their people resource capabilities.

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