Compensation Benchmarking Practices in Large U.S. Local Governments: Results of a National Survey

Michael Thom1 and Thom Reilly2

Abstract
Growing competition over human capital has reiterated the importance of strategic practices to maintaining a high-quality public sector workforce. But how often does the public sector study pay and benefits among competitive peers? This study presents the findings of a national survey of human resource professionals regarding compensation benchmarking practices. Just over half of respondents indicated they conducted a benchmarking study within the last decade. A majority said their jurisdiction only compares compensation with other public employers, with a smaller number including both public and private competitors. Salaries were the most frequent topic of concern; fringe benefits and paid leave time were less often compared. Several jurisdictions conducted benchmarking studies for purposes other than compensation; about one quarter gathered data for purely informational purposes and 9% carried out a study in anticipation of labor negotiations. A series of best practices for benchmarking studies is offered in conclusion.

Keywords
public management, compensation, human resource management, local government

Introduction
Public sector employers regularly contend for a limited pool of human capital. The competition typically occurs within and across the inter-governmental spectrum, but for some

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positions, the public sector must also contend with the private sector and perhaps even non-profit organizations. Although public service motivation may shape job candidates’ employment choices (Bright, 2013; Georgellis, Iossa, & Tabvuma, 2011), salaries and fringe benefits remain fundamental tools for attracting and retaining employees, especially those without intrinsic motivation (van der Wal & Oosterbaan, 2013). Even under fiscal stress, state and local governments prefer workforce reductions to pay cuts (Reilly & Reid, 2011; Reilly, Schoener, & Bolin, 2007). Furthermore, citizens express low levels of support for curtailing public employee pay (Elling, Krawczyk, & Carr, 2014).

Consequently, a significant portion of public sector compensation research highlights external pay equity (e.g., Belman & Heywood, 2004; Condrey, Facer, & Llorens, 2012; Llorens, 2008; Smith, 1976). Scholars have also explored the integration of performance metrics into compensation plans (Weibel, Rost, & Osterloh, 2010), the importance of strategic human resource practices (Jacobson, Sowa, & Lambright, 2014; Perry, 1993), and workforce planning (Goodman, French, & Battaglio, 2015).

Yet benchmarking—the collection of salary and benefit information from competitive peers for the purpose of comparing and possibly adjusting compensation—has received little consideration in the literature. One exception to that rule (Johnson & Brown, 2004) revealed that benchmarking was rarely conducted within the public sector, even by jurisdictions with comprehensive workforce plans. Scholars and practitioners therefore know very little about the prevalence, conduct, and uses of benchmarking by public sector employers, despite the centrality of competitive pay to attracting and retaining human capital in an information-driven labor market (Brock & Buckley, 2013).

This study presents the results of a 2014 national survey of human resource directors from large city and county governments in the United States regarding their jurisdiction’s benchmarking practices. The study is organized into five sections. First, we provide a brief review of research on public–private pay comparisons. Second, we describe our survey instrument and outline panel characteristics. Third, we present our results and discuss how benchmarking is executed and utilized by local governments. Fourth, we discuss our findings’ major implications for personnel management. Fifth and finally, we outline a series of best practices for professionals curious about the mechanics of benchmarking in their jurisdiction.

Background

The Great Recession and subsequent electoral dynamics have altered state and local finance, with particularly strong consequences for employee compensation. Changes to collective bargaining and retirement benefits for Wisconsin state employees received significant national coverage in early 2011, but other state and local governments have confronted the same questions regarding the fairness of public employee pay relative to the private sector. That underlying conflict has raised attentiveness to the utility of inter- and intra-sector pay comparisons in a budget environment characterized by constrained resources.

But by all accounts, making such comparisons is challenging. Job classifications differ, and even when attempting to match salaries for comparable positions, certain
duties and required education levels can vary. Comprehensive assessments must also go beyond simple wage comparisons to include additional elements of compensation, including fringe benefits, employee tenure, performance, and retirement policies. Other intangibles, including variations in job security, present an additional hurdle to rendering true “apples-to-apples” evaluations of external pay equity.

Given these and other variables, it comes as no surprise that findings on public–private pay differentials are generally inconclusive. A number of studies find that public employees are underpaid relative to their private sector counterparts (e.g., Lewin, Keefe, & Kochan, 2012; Schmitt, 2010) but others find they are overpaid (e.g., Gittleman & Pierce, 2011; Lee & Thompson, 2012; Reilly, 2013). Other studies find compensation differentials are more nuanced and may depend on factors like location (Biggs & Richwine, 2014; Taylor, 2008) or occupational grouping (Miller, 1996).

Regardless of wage differences, other components of employee compensation are imperative to achieving common human resource objectives of hiring, retention, and performance rewards. For example, fringe benefits raise employee satisfaction (Coggburn, Daley, & Kearney, 2012; Reddick, 2009) and reduce turnover. The security afforded by defined benefit pensions may also reduce turnover; on the other hand, defined contribution accounts may also incentivize longevity (Friedberg & Webb, 2005). Overall, substantial anecdotal evidence buttressed with a large body of scholarship suggest that the value of fringe benefits is responsible for closing the public–private sector wage gap where it is believed to exist.

Still, public–private comparisons are largely an exercise in academic research. Very little is known about the extent to which public sector employers—or even private sector employers—actually draw the same types of comparisons. Perhaps more importantly, little is also known about the actions taken as a result of that information. These knowledge gaps motivated our interest in finding out.

Our Survey

Our survey sought information on benchmarking practices across large city and county governments in the United States. We focused on municipalities because inter-jurisdictional labor competition is higher at that level than among state governments, as employees can more easily change employers without necessarily having to change their residence and face potentially higher costs of living. We also suspect that large city and county governments, to the extent that benchmarking occurs at all, are more likely to seek compensation data from peer jurisdictions considered competitors. These municipalities enjoy certain economies of scale that yield an opportunity to dedicate resources to information seeking activities, and are also more likely to have the resources needed to make the types of changes suggested by benchmarking studies.

Using 2010 Census data and individual city and county websites, we identified and contacted human resource directors of the 200 largest cities and 200 largest counties. The population thresholds were ≥160,000 and ≥360,000, respectively. Each director was sent an e-mail containing a link to a confidential web-based survey instrument. The survey contained questions about the jurisdiction’s governing structure and benchmarking practices. We include a copy of the survey in the appendix.
Human resource directors were asked questions with respect to four employment classifications: management, non-management general, police, and fire protection. Consolidating all employee groups together is overly simplistic, but more importantly, there are differences across these groups in salary determinations, performance appraisals, and the degree of labor union representation. These differences may lead to idiosyncratic benchmarking by job classification.

Directors that did not respond to our initial contact were sent reminders by e-mail and telephone. Upon request, some directors were also sent a hard copy of the survey. Data collection began in February 2014 and ended in October 2014. Several directors were reluctant to participate in the survey and expressed concern over how their responses would be utilized. Ultimately, 141 directors responded yielding a response rate of 35%.

We summarize key statistics about the panel in Table 1. The panel is disproportionately composed of directors working in city government, although level of government had no bearing on the benchmarking patterns we eventually identified. Non-partisan bodies governed most responding jurisdictions. Seventy-two percent indicated that public employees in their jurisdictions engage in collective bargaining for wages.

### Findings

#### Context and Prevalence

Directors reported a mild level of concern about the competitiveness of pay in their jurisdiction. Forty percent indicated that elected officials worried that public employee pay was out of line with other governments. Some 34% of officials also made the same

<table>
<thead>
<tr>
<th>Jurisdiction</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>City</td>
<td>59%</td>
</tr>
<tr>
<td>County</td>
<td>37%</td>
</tr>
<tr>
<td>Consolidated</td>
<td>4%</td>
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</tbody>
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<table>
<thead>
<tr>
<th>Governing body politics</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-partisan</td>
<td>54%</td>
</tr>
<tr>
<td>Republican</td>
<td>25%</td>
</tr>
<tr>
<td>Democratic</td>
<td>19%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Collective bargaining for wages</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>72%</td>
</tr>
<tr>
<td>No</td>
<td>28%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Panel information</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Response rate</td>
<td>35%</td>
</tr>
<tr>
<td>Sample size</td>
<td>141</td>
</tr>
</tbody>
</table>

Note. Some percentages may not sum to 100 due to rounding.
claim about public employee pay relative to the private sector, an intriguing result
given the prevalence and acrimony with which the issue occupies media coverage.
Despite those concerns, 80% of human resource directors stated that their city or
county government did not have an established policy on benchmarking.

Among jurisdictions that benchmark, the authorizing policy was typically embed-
ded in the city or county charter, within a local ordinance, or as part of a memoran-
dum of understanding. Employment contracts were of little help encouraging the
practice; directors in less than 10% of jurisdictions said that collective bargaining
agreements required benchmarking pay and benefits against neighboring cities or
counties.

Table 2 reports basic data on benchmarking practices. Despite the fact that 80% of
respondents said their jurisdiction had no formal policy that requires benchmarking,
an overall majority indicated that they nevertheless seek to benchmark compensation.
But the practice varied by job classification; more than half reported doing so for man-
agement (56%), general government (61%), and police (52%) positions, but only 42%
benchmarked compensation of fire protection employees.

Co-productive arrangements explain some of this pattern. Responding to an open-
ended question to provide context for their practices, several directors indicated that
their jurisdiction studies pay and benefits for management and general employee clas-
sifications but not fire or police protection because their jurisdiction contracts out for
those services, rendering them unable to change employee pay. Because local govern-
ments are even more likely to rely on contract or volunteer arrangements for fire pro-
tection, it is not surprising that few directors reported benchmarking for that employee
classification.
The percentage of respondents indicating their jurisdiction benchmarked was slightly higher than the percentage indicating they conducted formal studies to that end. For example, although 52% of directors claimed that their jurisdiction benchmarked police compensation, only 37% said they had conducted a formal inquiry of pay and benefits within the last decade. The difference between the percentage of respondents that claimed their jurisdiction benchmarks and the percentage that reported actually conducting some type of compensation study remained for other classifications but was lesser in magnitude. This could suggest that human resource directors engage in less formal information-gathering practices or have done so in the past, but at a point in time prior to the last decade.

The results also indicate diversity in benchmarking frequency, both in general and by job category. Most municipalities reported conducting a study every 1 to 5 years. Among jurisdictions that benchmark, it appears to occur more frequently for public safety positions. For example, among benchmarking jurisdictions, 31% of directors indicated that the process was annual for police departments but only 19% indicated an annual process for management employees. A few directors stated that their jurisdiction benchmarks once every 10 years, which appeared to be the maximum length of time between studies.

Several directors indicated their jurisdiction benchmarks on an open-ended “periodic” or “as needed” basis. One director remarked that a study was conducted whenever they “felt a position was below market.” One told us that their jurisdiction benchmarks whenever directed by the local governing body. Another said that “2006 was the first and last” benchmarking study. Perhaps most interestingly, one director remarked that although the jurisdiction usually engages in annual benchmarking, “studies were suspended since 2008 due to the economic decline.”

**Characteristics**

Table 3 describes benchmarking studies’ characteristics. A majority of respondents indicated that their jurisdiction only compares compensation with other public employers. The percentage of purely inter-sectoral comparisons was highest for police (75%) and fire protection (68%) jobs, where there are fewer direct private sector equivalents.

A significant proportion of comparisons were cross-sector, although this approach varied by job classification. For example, 43% of benchmarking studies for management positions included both public and private peers but just 23% drew the same comparison for police. Once again, the non-existence of private sector analogues for public safety occupations likely serves as a limiting factor. Still, only one third of benchmarking studies for general, non-management employees included both public and private sector competitors, even though more valid comparisons can be made.

Salaries are the most frequent topic of concern within benchmarking studies; fringe benefits and paid leave time are less often surveyed. Among jurisdictions that benchmark for management, 56% compared salaries but just 29% indicated they also studied.
paid leave time policies. Note that responses to this item sum to over 100% because some benchmarking studies included multiple elements, that is, salaries and fringe benefits and/or paid leave time. Some directors also indicated that, while they do not benchmark salaries, they do monitor fringe benefits in neighboring jurisdictions. One rationale offered for this approach was that employers have more cost adjustment options on health insurance plans and retiree benefits compared with salary schedules, which are typically less flexible.

**Comparative Results**

Results of benchmarking studies varied significantly by job classification. For management positions, just 4% of human resource directors reported that overall compensation in their jurisdiction was higher compared with other public sector units. About one third found the pay was lower. And another one third remarked that pay comparisons depended on a particular job—that is, across all management positions, some paid higher, some paid lower, and some were mostly in line with competing governments. Among general government employees, 59% of directors reported that their jurisdiction’s pay was found to be generally in line with other governments. But roughly one fifth reported finding that general government employees in their jurisdiction were underpaid compared with peer governments.

Pay and benefit competitiveness for public safety classifications was reported as much more varied than that for management and non-management positions, perhaps because these classifications were subject to more frequent benchmarking (see

<p>| Table 3. Characteristics of Benchmarking Studies Among Large U.S. Local Governments. |
|---------------------------------|-----------------|-----------------|-----------------|-----------------|</p>
<table>
<thead>
<tr>
<th>Job category</th>
<th>Management (%)</th>
<th>General (%)</th>
<th>Police (%)</th>
<th>Fire (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sector(s) included in comparison</td>
<td>54</td>
<td>63</td>
<td>75</td>
<td>68</td>
</tr>
<tr>
<td>Public</td>
<td>3</td>
<td>3</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>Private</td>
<td>43</td>
<td>34</td>
<td>23</td>
<td>28</td>
</tr>
<tr>
<td>Both</td>
<td>56</td>
<td>62</td>
<td>54</td>
<td>44</td>
</tr>
<tr>
<td>Salary</td>
<td>41</td>
<td>44</td>
<td>45</td>
<td>38</td>
</tr>
<tr>
<td>General findings on compensation relative to other public sector units</td>
<td>30</td>
<td>37</td>
<td>35</td>
<td>20</td>
</tr>
<tr>
<td>Higher</td>
<td>29</td>
<td>59</td>
<td>23</td>
<td>31</td>
</tr>
<tr>
<td>Lower</td>
<td>37</td>
<td>59</td>
<td>23</td>
<td>31</td>
</tr>
<tr>
<td>Depends</td>
<td>30</td>
<td>37</td>
<td>35</td>
<td>20</td>
</tr>
<tr>
<td>N</td>
<td>141</td>
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Indeed, 16% of directors found their jurisdictions overpaid police and 23% found they overpaid fire protection employees relative to peer governments. About one quarter found pay was lower for both job classifications. Still, a majority found that for both police and fire protection employees, compensation was either in line with peer governments or reported that it was dependent on specific job duties.

### Public Disclosure

We asked directors whether the results of benchmarking studies for each job category were presented in front of an elected body. Responses are summarized in Table 4. Most answered with a firm “no” for management, non-management, and fire protection employees, with 48% agreeing for police. About one third overall answered in the affirmative.

Several directors noted that benchmarking disclosures were context-dependent. For example, several remarked that comparative data on public employee pay and benefit plans was presented in open meetings only when requested by a council member, mayor, city manager, or labor union representative. Others indicated that results were discussed only if salary or benefit adjustments had been proposed. At least one jurisdiction presented results in a closed session with union representatives only. Another director remarked that while their survey results aren’t discussed in front of an elected body, the results nonetheless become part of the public record accessible by outside stakeholders.

### Utilization

Table 5 summarizes the purposes for which human resource directors reported using benchmarking results. Fifty-five percent indicated that the information was used to alter existing compensation structures. This included increasing salaries for some employees, revising class and compensation schedules, and realigning job duties to better reflect the jurisdiction’s competitive set. Although we use the neutral term

<table>
<thead>
<tr>
<th>Job category</th>
<th>Management</th>
<th>General</th>
<th>Police</th>
<th>Fire</th>
</tr>
</thead>
<tbody>
<tr>
<td>Are results presented to elected body?</td>
<td>37%</td>
<td>31%</td>
<td>36%</td>
<td>31%</td>
</tr>
<tr>
<td>Yes</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No</td>
<td>55%</td>
<td>59%</td>
<td>48%</td>
<td>58%</td>
</tr>
<tr>
<td>Depends</td>
<td>8%</td>
<td>10%</td>
<td>16%</td>
<td>11%</td>
</tr>
</tbody>
</table>

\(N = 141\)
“adjust” to describe this category, no responding director indicated that his or her jurisdiction reduced or otherwise cut employee pay as a result of the benchmarking survey. Where changes were implemented, we deduce that the alterations were neutral or positive from the employee’s financial perspective (e.g., by applying changes to new hires not existing employees).

Many local governments conducted benchmarking studies for purposes other than pay adjustments. About one quarter of directors indicated they had gathered data for general informational purposes. In some instances, this exercise was conducted at the request of an elected official. But in other cases, directors stated that they simply wanted to determine their jurisdiction’s competitiveness relative to others for non-actionable reasons.

Nine percent said benchmarking was conducted in advance of scheduled contract negotiations. Several directors remarked that they carried out benchmarking in advance so that they would have some idea of what unions and other collective bargaining groups might request regarding salary increases, benefit changes, or both. Elsewhere, some directors said benchmarking results were used to temper union demands that may have exceeded pay and benefits in other jurisdictions.

**Discussion**

Reflecting on the benchmarking practices revealed by our survey findings, five results stand out as the most substantive. First, only about half of responding human resource directors indicated that their jurisdiction has benchmarked compensation to competing public and/or private employers within the past decade. This finding has several contributing factors. Many human resource professionals, especially at the state and local level, have been slow to embrace strategic decision-making tools inherent to New Public Management (French & Goodman, 2012). At the same time, scholars and professionals disagree about the importance of salary competitiveness relative to public service motivation (Bozeman & Su, 2014; Bright, 2011; Christensen & Wright, 2011). As public managers’ previous work experience shapes their beliefs about the private

<table>
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<tr>
<th>Table 5. Utilization of Benchmarking Studies Among Large U.S. Local Governments.</th>
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<tr>
<td>Adjust class and compensation: Includes modifying job classifications, changing salaries, and assigning merit increases.</td>
</tr>
<tr>
<td>General informational purposes: Includes studies performed on behalf of elected leadership or to determine jurisdiction’s relative competitiveness.</td>
</tr>
<tr>
<td>Inform labor negotiations: Includes information gathering for contract negotiations and preliminary analysis to anticipate labor demands.</td>
</tr>
<tr>
<td>Other: Including studies conducted to justify budget requests, update classifications, etc.</td>
</tr>
<tr>
<td>No response</td>
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*N = 141*
sector (Feeney, 2007), it is possible that some directors do not believe public–private comparisons are desirable or even useful.

This finding further raises the question of how local governments establish compensation and monitor its competitiveness after the fact. We surmise jurisdictions not engaged in systematic benchmarking allow path dependency and incrementalism to shape salary and fringe benefit structures. While this approach offers low information costs it may contribute to compensation drift, leaving local governments in a position where they under- or overpay certain individual employees or broader classifications relative to their competitive peer set. If the failure to benchmark leads to uncompetitive pay, the jurisdiction could experience higher turnover and a loss of institutional knowledge.

Second, among jurisdictions that benchmark, less than half reported including both public and private sectors in their evaluation. Instead, a majority specified that they only evaluate other local governments. While one may expect this practice for public safety classifications, where fewer direct private sector comparisons can be drawn, the same cannot be said for management and general government positions. Assessing that dichotomy was beyond the scope of our survey, but the finding does reiterate the complexity of drawing black-and-white comparisons between public and private sector compensation (Biggs & Richwine, 2012). Indeed, that complexity may also explain why more jurisdictions do not engage in benchmarking studies at all—the practice may be viewed as too complex and costly to yield any practical utility.

Third, benchmarking is rarely used in anticipation of, or during, collective bargaining. Just 9% of human resource directors cited labor union or bargaining concerns as the primary justification for studying pay and benefit policies in competing jurisdictions. Rather, more than half of our respondents told us that if their jurisdiction benchmarks, it is for the express purpose of making changes to existing compensation structures. Another one quarter of respondents indicated that benchmarking was completed for informational purposes only.

Fourth, the percentage directors who indicated that their jurisdiction benchmarked was consistently higher than the percentage that said they had actually conducted an official study within the past 10 years. We are subsequently left without knowledge of how jurisdictions that claim to benchmark but do not apparently do so formally assess compensation differences. We suspect they utilize less structured methods, such as obtaining salary information via open government web portals or through informal information exchanges between colleagues.

Fifth and finally, among jurisdictions that benchmark, relatively few examined fringe benefits and leave time policies in addition to salaries. Because the cost of fringe benefits and the ability to accrue and convert unused leave time to cash have increased costs in some jurisdictions much faster than base salaries, this result was surprising. On the other hand, it is more difficult to compare fringe benefits than salaries across governments. Some benefits (e.g., health insurance plans) fundamentally differ across state lines and the availability and generosity of others (e.g., pensions) can differ by occupation, jurisdiction, and even hire date.
Best Practices

Our findings suggest several best practices for human resource professionals and other stakeholders to consider before executing a formal benchmarking study. We echo Risher (2012): Developing improved public sector compensation plans hinges on gathering valid information from relevant labor markets. Although performing such studies annually is likely not necessary, waiting to conduct them every 10 years, if at all, is undoubtedly too long. The failure to periodically seek information leaves human resource departments and elected officials with no concrete idea of how compensation in their jurisdiction compares with their peer set or the private sector. It may also put both parties at a disadvantage during contract negotiations if employee associations or labor unions have done their own benchmarking studies. The most advisable time frame is somewhere between 2 and 5 years, or a time frame comparable with collective bargaining cycles.

With respect to benchmarking administration, local governments must answer two fundamental questions. First, how is the process authorized? Jurisdictions have several options. For example, they could mandate benchmarking by including relevant provisions in city or county charters; several city and county governments already operate under this type of guidance. Authority to request a study could be vested in an elected official, body, or in the city or county manager, assuming the conditions and frequency of such requests are specified in advance.

Second, who will conduct the study? Although our survey did not ask human resource directors logistical questions about their benchmarking procedures, the general tone of open-ended feedback suggested they were most often conducted internally. Other local governments may wish to have their staff gather information on compensation elsewhere, or they may prefer to maintain more objectivity in the process by outsourcing the survey to a third-party consulting, accounting, or survey research firm.

Governments that elect to outsource should proceed with caution. This approach raises some unique ethical and contracting issues that should be addressed in advance and should, at minimum, involve input from management, human resource, and legal professionals (McDowell & Leavitt, 2011; Spendolini, 1992). More broadly, outsourcing to a third party may reduce officials’ level of control over the security and use of benchmarking information. Advance due care to these issues, not to mention economic and opportunity costs, is necessary.

Human resource professionals and/or governing bodies must also establish how benchmarking will be integrated into collective bargaining processes and governments’ overall compensation plans. This should include developing policies and procedures that explain whether and how benchmarking study results will affect existing and future compensation structures. In practical terms, officials must also decide how to respond if benchmarking studies suggest some jobs or individual employees are significantly over- or underpaid relative to their public or private counterparts. Those decisions are critical to maintaining a competitive compensation scheme that will attract and retain the high-quality employees needed to implement public services.
With respect to design, benchmarking studies should be broad, formal, and carefully designed. Attention must be paid to the standard difficulties of comparing job classification between public and private employers. Benchmarking studies should also focus on all elements of compensation, including salaries, benefits, paid leave time, and any other benefits offered to employees. Consideration should also be given to how different jurisdictions integrate education, productivity, and performance evaluations into compensation. Only then can “true” public–public or public–private comparisons be drawn, as fringe benefits may satisfy if not exceed any observed salary disparities (Reilly, 2013) and reduce turnover (Llorens & Stazyk, 2011).

Finally, public disclosure of benchmarking results should be strongly considered. This step is necessary to encourage transparency and accountability among all parties involved. It also communicates to the public that officials are interested in obtaining and acting on information to keep their jurisdiction competitive. Disclosing results has positive benefits, but thought should be granted to keeping specific employee identities confidential to the extent possible (Bowman & Stevens, 2013).

**Conclusion**

Despite volumes of research on public–private pay disparities, the practice of compensation benchmarking in the public sector has been mostly ignored. We surveyed human resource directors of large city and county governments in the United States and found that about half conducted formal studies of pay and benefits among competing employers. A majority of comparisons are public–public, with fewer jurisdictions examining comparable private sector compensation. Most benchmarking studies focus on salary rather than benefit comparisons. While most directors report using the information to adjust existing compensation, a significant number conduct benchmarking studies for purely informational purposes. Benchmarking practices also differed by occupational classification—that is, among management, general, police, and fire protection employees.

Our research design is not above reproach. Our survey population targeted human resource directors at large city and county governments in the United States; we are thus unable to report on benchmarking practices among smaller governments in the United States or governments of any size in other countries. The response rate (35%) is acceptable but not impressive, yet comes after repeated, often unsuccessful, efforts to contact directors. The sample recommends against robust multivariate analysis, but at the same time, the descriptive data yield noteworthy, previously unknown patterns of benchmarking practices and uses among local governments.

Still, the results suggest that at least half of local governments actively seek information on compensation in other jurisdictions for the express purpose of ensuring the competitiveness of their own pay and benefit structures. Our hope is that this study will raise awareness of those practices, inspire additional research, and serve as a roadmap for human resource professionals not currently engaged in benchmarking to give the practice a try.
Appendix

Survey questions relevant to compensation benchmarking practices are reported below. The instrument contained a battery of questions on sick leave policy, the results of which are reported in a separate study.

1. Please check the appropriate box or provide the requested information for each of the following questions. Do you represent a county or a city?
2. Is your county/city elected body partisan or non-partisan? If partisan, indicate the party of the elected body.
3. Does your county/city allow for collective bargaining for wages and benefits?
4. If your county/city allows for collective bargaining, are public hearings required on the adoption and/or changes to wages and benefits?
5. If yes (#4), what is required?
6. Is there a county/city policy requiring a class and compensation study?
7. Have elected officials recently expressed concerns about wages and salaries being out of line with other public entities and/or the private sector?
8. Does your collective bargaining agreement require a class and compensation study for employees in the following groups? Please check all that apply: Management, Non-management, Police, Fire. NOTE 1: Non-management employees in this survey are those who do not hold managerial positions, and who are not in the fire and/or police departments. If this includes more than one group, please answer for the largest employee groups. NOTE 2: By checking a box, you are answering “Yes” for that employee group. By leaving a box blank, you are answering “No” for that group. Any other alternative answers or explanations should be written in the “Other” box.
9. Has your city/county completed a class and compensation study in the past 10 years for (Management, Non-management, the Fire Department, and the Police Department)?
10. If you agreed to the statement above: “Your city/county completed a class and compensation study in the past 10 years for (Management, Non-management, Fire, Police)” please complete these questions pertaining to (Management, Non-management, Fire, Police) employees only:
   a. When was the last time a study was completed?
   b. How often does your city/county complete a study?
   c. Does the study include Other Public Entities, Private Entities, Public and Private Entities, or Other?
   d. Please explain how results are utilized.
   e. Did the results from the last class and comp study find that the comparison with this group was generally: in line with, higher than, or lower than other public entities? Please explain.
11. Does your county/city benchmark wages and benefits with other local jurisdictions for employees in these groups? Please check all that apply (Management, Non-management, Fire, Police).
12. If you agreed to the statement above—“Your county/city benchmarks wages and benefits with other local jurisdictions for all employees in the (Management, Non-management, Fire, Police) group”—does the benchmarking include (Salaries, Benefits, Vacation/Sick leave)? Check all that apply.

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