

# STATE OF SOUTH DAKOTA

## STATEMENT OF COMPENSATION PHILOSOPHY



### **Umbrella Statement**

The compensation program for employees in Judicial, Legislative and Executive (including Higher Education) branches of state government will attract and retain quality employees with competitive total compensation based on relevant labor markets. The compensation program will be administered with fairness, equity and sound fiscal discipline. The program will reinforce a productive work climate and a culture of accountability. It will encourage employees to make the State their employer of choice, and encourage employees to progress in their careers with the State.

### **Component Statements**

1. The compensation program will be implemented with fairness and equity throughout the state, yet will be flexible to meet the changing business and human resource needs. Multiple pay plans within each branch of state government may be used to address different occupational groups and market needs.
2. The compensation program will be strongly aligned with workforce planning to retain and reward to the current workforce and also to attract, reward, and retain the workforce of the future.
3. Compensation levels will be founded on internal equity based on a fair, defensible, and understandable method and comparable to similar positions in relevant markets.
4. All aspects of total remuneration (base salary, benefits, lump sum payments, and allowances) will be considered as a total compensation package for state employees.
5. Total compensation, as defined above, will be targeted at a competitive level in both total remuneration and cash compensation when compared to the relevant labor markets. The standard labor market will be defined as the six surrounding state governments and South Dakota public and private employers except when a reasonable and appropriate expanded labor market is justified. Higher Education will define a labor market to include regional and national markets for selected positions, such as faculty or senior administrators.
6. Pay delivery mechanisms will be based on a combination of establishing and maintaining relativity to market, achievement of performance objectives, recognition of differences in job content, and the acquisition and application of further skill and education. This does not preclude the State from utilizing monetary methods of employee recognition.
7. The State is committed to ensuring salary structures and rates of pay are up to date through the conduct of market surveys at regular intervals.
8. Compensation must be affordable and reasonable, and take into consideration both the fiscal resources of the State as an employer and those receiving services from the State.