

COVID-19 Compensation Response

Brief Custom Survey #2 Summary of Results

May 5, 2020



Survey Demographics

N=39

Ownership

Not-For-Profit	59%
Privately-Held	33%
Publicly-Held	8%

Industry

Healthcare & Insurance	18%
Non-Profit & Education	44%
Hospitality, Retail, Services, & Finance/Banking	26%
Manufacturing & Distribution, Utilities	13%

Employees

Under 50	21%
51 to 200	26%
201 to 500	21%
Over 500	33%

Services

Provide essential services	44%
Do not provide essential services	26%
Mix of essential and non-essential	31%

Key Responses & Considerations – As of Today

Staffing

- Overall, staffing changes seem to be stabilizing, with approximately two-thirds of organizations anticipating no layoffs.
- Approximately 30% of organizations have a hiring freeze while nearly 50% continue to hire for previously approved replacements or growth in select positions.

PTO

- 70% or more report transitioning to Families First Coronavirus Response Act paid time off requirements
- When permitted, 76% of organizations expect employees to return to the office on a periodic basis.

Compensation

- For frontline salaried and hourly employees, “premium pay” usage increased but remains a minority practice. Special bonuses are most common premium pay for frontline workers.
- For organizations having 2019/20 unpaid bonuses, 68% report reducing or canceling the bonuses while 59% of those having 2020/21 unpaid bonuses are considering or have implemented reductions, delays or cancellations.

2020 Merit

- Approximately 26% had granted merit increases prior to the breakout. Of those that hadn't, 54% are planning to maintain merit budgets while 47% are considering reducing or delaying.

2020 Incentive Performance/Commission Targets

- Most still indicate no planned changes to 2020 incentive performance targets. Roughly 21% plan to maintain current goals but apply discretionary changes as needed.

Employee Health / Safety Programs

- Company-provided health and safety programs and equipment rose for most categories, indicating organizations have adopted more formal policies in response to the virus.

Top Changes from Compensation Responses Survey #1 – Dated 3.27.20

- While still a minority practice, prevalence of special premium compensation has increased for frontline workers.
- Most organizations have modified PTO policies to be in compliance with Families First Coronavirus Response Act.
- More organizations report delaying or reducing merit increases.

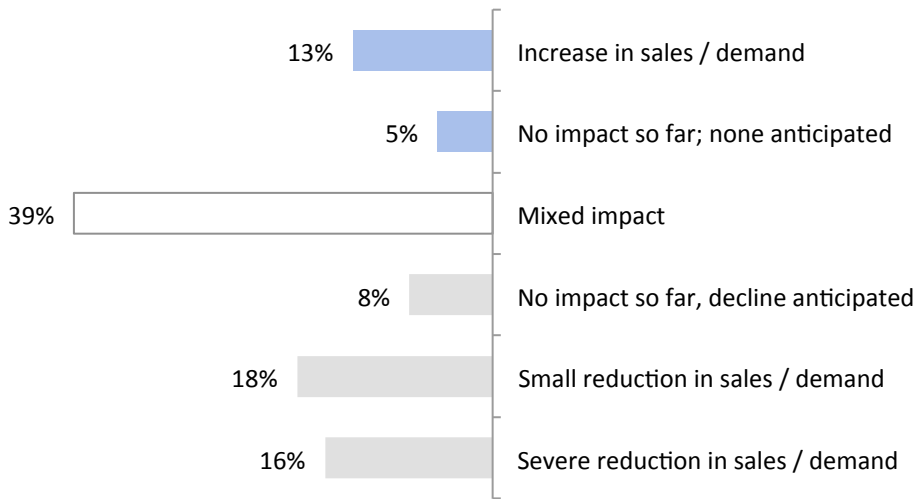


Economic Impact

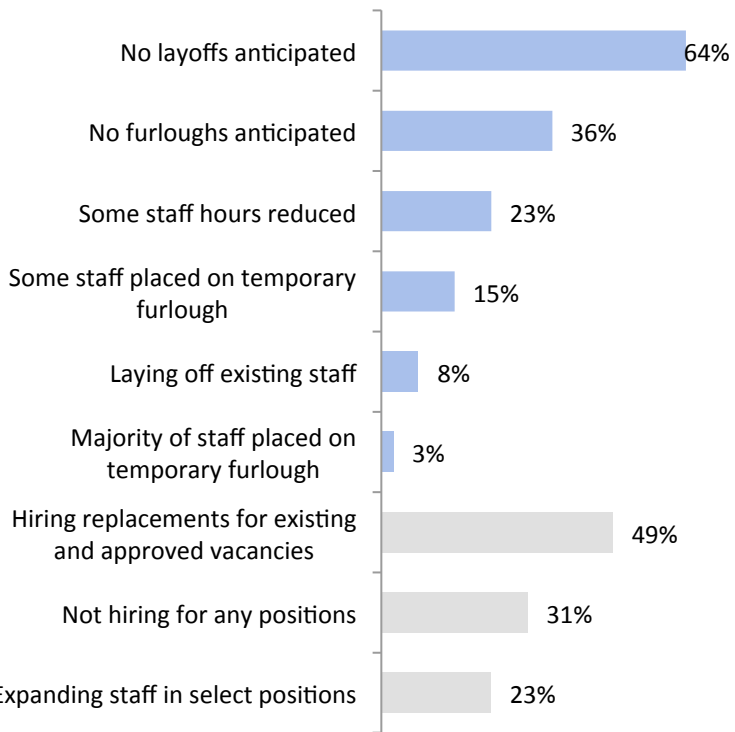
18% report an actual increase or no anticipated impact in sales/demand

39% report mixed impact on sales/demand

42% report an actual or anticipated reduction in sales/demand; primarily healthcare and service organizations



Staffing



64% report no layoffs while **26%** report layoffs or temporary furloughs

- **23%** have reduced staff hours

Severance

- **50%** providing standard severance or continuing pay for a period of time
- **42%** providing no compensation after termination
- **8%** providing enhanced severance beyond current policy.

49% are hiring replacements and **23%** are expanding staff

- **31%** report a hiring freeze

Approach to Managing Staff Expenses – Top 4 Responses:

- 57%** Utilizing federal or state loans / relief package
- 31%** Reducing employee pay, work hours, perqs, or retirement benefits
- 29%** Canceling or reducing employee training programs
- 20%** Canceling or reducing independent contractor use

Majority have transitioned to compliance with FFCRA

<i>Top 3 PTO Responses in Place or Under Consideration</i>		
<i>General PTO Policy Adjustments</i>	<i>For employees unable to work due to COVID-19 symptoms (In Place/Considering %)</i>	<i>For employees unable to work due to family/dependent care requirements related to COVID-19 (In Place/Considering %)</i>
51% Updated to meet requirements of newly passed Families First Coronavirus Response Act	70% (62%/8%) Transitioning to or have already established policies in compliance with the Families First Coronavirus Response Act	71% (62%/9%) Transitioning to or have already established policies in compliance with the Families First Coronavirus Response Act
32% No adjustments	51% (40%/11%) Paid for the duration of sickness/quarantine, regardless of sick leave or PTO balance	43% (37%/6%) Paid for care requirement time using sick leave or PTO balance with remaining time unpaid
22% Updated to exceed requirements of the newly passed Families First Coronavirus Response Act	43% (35%/8%) Paid for sickness/quarantine using sick leave or PTO balance with remaining time unpaid	34% (23%/11%) Paid for the duration of care requirement time using sick leave or PTO balance supplemented by advance of additional sick/PTO days

When permitted by law, employees expected to return to office:

- 76%** on a periodic basis
- 27%** on a full-time basis
- 22%** employees expected to continue remote work



Work From Home Policies

Top remote working expenses covered:

80%	Company laptop or computer
56%	Technical support services
50%	Office supplies
47%	Software
33%	Company Cell Phone
22%	Internet Access

Policies in place for employees with children at home:

73%	Increasing flexibility for daily work hours
23%	No response currently
16%	Informally reducing work hours

Policies under consideration:

- 7% Formally reducing work hours
- 5% Informally reducing work hours
- 5% Providing additional paid time off

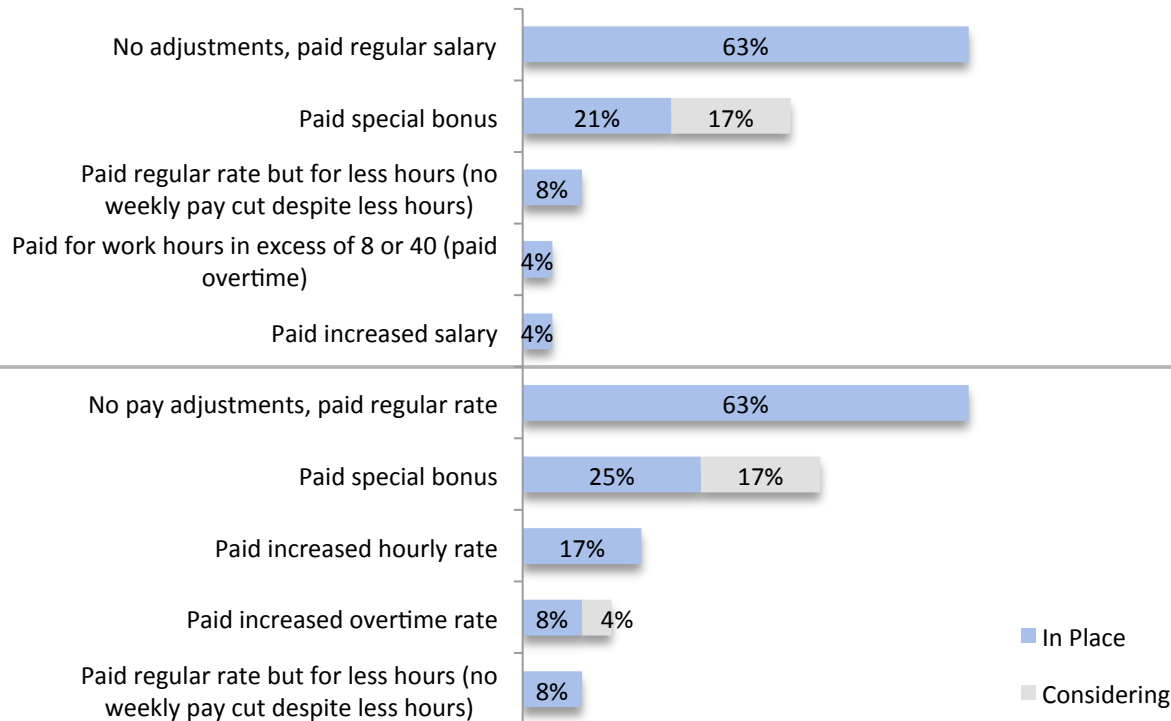
Employee Health & Safety

Top responses to promote employee health and safety:

90%	Improved cleaning efforts at facilities
74%	Provide protective gear and supplies
69%	Canceled domestic travel
49%	Temperature checks at facilities
46%	Staggered/adjusted shifts
31%	Increased benefits to address mental health /psychological stress
15%	Limiting domestic travel
5%	Providing on-site health services



Pay Policies for Frontline Employees



Salaried Employees

- Majority continue to report no special pay adjustments, but prevalence has declined
- **Special bonuses** are emerging as most popular form of “premium” pay for frontline salaried workers

Hourly Employees

- Majority continue to report no special pay adjustments, but prevalence has declined
- **Special bonuses** followed by **increased hourly premiums** are emerging as most popular form of “premium” pay for frontline hourly workers

Perqs for frontline employees:

- 10%** Company paid lunch hour
- 8%** Company paid meals
- 5%** Housing or general stipend

Although still uncommon, perqs prevalence rose overall.



Salary Status

84% report no salary reductions

18% considering salary reductions

11% already reduced salaries:

5% reduced salary for **Executives**

3% reduced salary for **Managers**

3% reduced salary for **Staff**

2019/20 Bonus/Incentives

68% report impacts, indicating one or more of the following:

24% report their approach varies by employee group

19% delaying bonus payments

14% reducing bonus payments

14% canceling payments

32% report no changes

Excludes responses of orgs who already paid or do not offer bonuses.

2020/21 Bonus/Incentives

41% report no planned changes, while **59%** report one or more of the following:

37% are considering reductions

11% reducing staff bonuses

7% reducing management bonus

4% reducing executive bonus

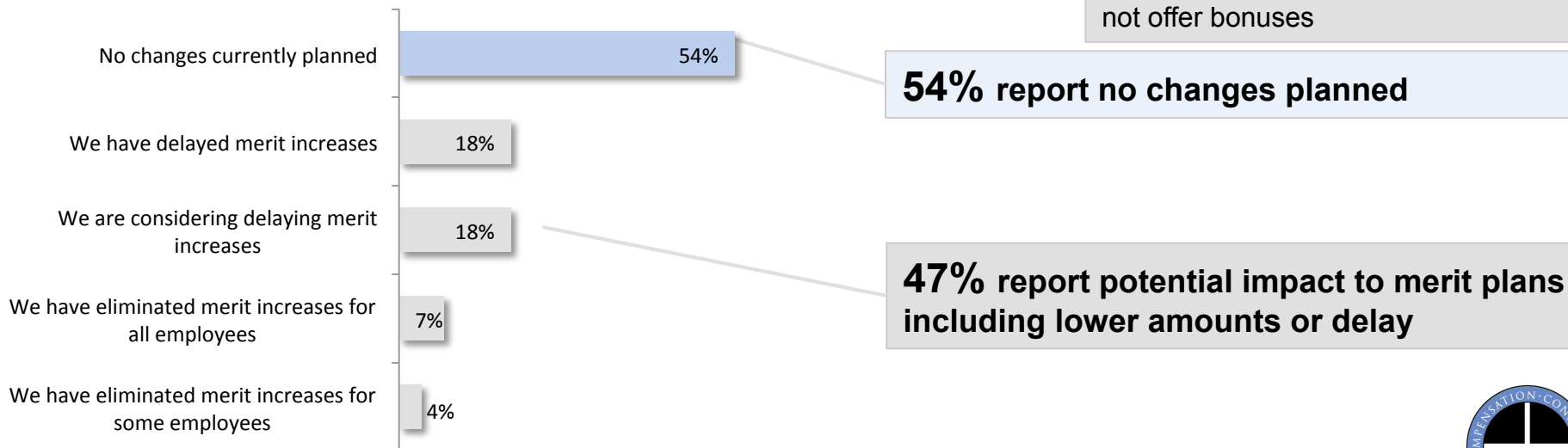
7% canceling all bonuses

4% canceling staff bonuses

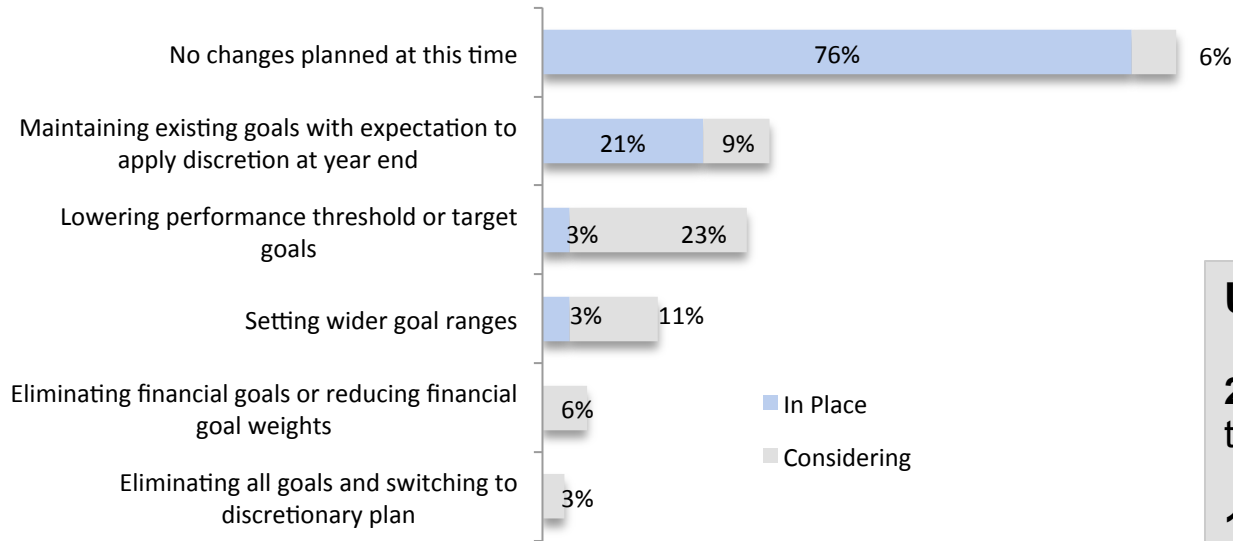
Excludes responses of orgs who do not offer bonuses

2020 Merit Increase Status

Among organizations that have not already completed merit adjustments



Performance/Commission Target Adjustments



76% report no changes planned

21% report maintaining existing goals while planning to apply discretion at year end

Under Consideration:

23% considering lowering thresholds or target goals

11% considering setting wider goal ranges

6% considering eliminating financial goals or reducing financial goal weights

