



**GUIDE TO HR
BENCHMARKS 2016**

**ESSENTIAL RESEARCH, ANALYSIS AND PERSPECTIVES
IN HUMAN RESOURCES**

**Bloomberg
BNA**

Guide to HR Benchmarks 2016

Copyright © 2016
The Bureau of National Affairs, Inc.
1801 S Bell Street
Arlington, VA 22202
ISBN 978-1-63359-117-2

“This publication is designed to provide accurate and authoritative information in regard to the subject matter covered. It is sold with the understanding that the publisher is not engaged in rendering legal, accounting or other professional service. If legal advice or other expert assistance is required, the services of a competent professional person should be sought.” – From a *Declaration of Principles*, jointly adopted by a Committee of the American Bar Association and a Committee of Publishers and Associations.

For inquiries about purchasing multiple copies of this report, please contact:

Gail Moorstein, Editorial Director
(gmoorstein@bna.com)

■ Table of Contents

List of Figures	v
Acknowledgements	xi
About the Authors	xii
Executive Summary and Highlights	xiii
Chapter 1—HR Metrics and Human Capital Management	
Overview	3
Bloomberg BNA on HR Department Responsibilities	4
Bloomberg BNA on Hiring Prospects and Job Vacancies	6
Bloomberg BNA on Job Absence and Turnover	10
Bloomberg BNA on HR Department Priorities	13
Bloomberg BNA on Impending Changes in HR Priorities	16
Bloomberg BNA on Metrics and Strategic Planning in HR	18
Bloomberg BNA on HR’s Strategic Involvement and Influence	22
The Association for Talent Development on Training and Learning Benchmarks.....	25
Deloitte on HR Performance and Analytics	32
Chapter 2—HR Staffs, Budgets and Compensation	
Overview	41
Bloomberg BNA on Changes in HR Staff Levels	42
Bloomberg BNA on HR Department Staff Ratios	44
Bloomberg BNA on HR Staff Ratios, 1995-2015	52
Bloomberg BNA on HR Department Specialists	54
Bloomberg BNA on Adjustments to HR Budgets	56
Bloomberg BNA on HR Expenditures per Employee	58
Bloomberg BNA on HR Budgets and Total Operating Costs	60
Sierra-Cedar on HR Systems and Technologies	62
Bureau of Labor Statistics on Salaries for HR Jobs	69
Bloomberg BNA on HR Salaries and Total Payroll Costs	72

Chapter 3—Benefits Costs and Strategies

Overview	77
The Kaiser Family Foundation and the Health Research and Education Trust on Health-Care Costs.....	78
Mercer on Employer-Sponsored Health Plans	104
Segal on Health Plan Cost Trends	113
PwC’s Health Research Institute on Medical Cost Trends	121
Aflac on Open Enrollment	129
Bloomberg BNA on Major Health Insurance Issues	134

Chapter 4—The Economy, Pay and Compensation Strategies

Overview	147
Bloomberg BNA on the Economic Outlook for 2016	148
Bloomberg BNA’s Wage Trend Indicator	153
The Economic Research Institute and The Conference Board on Wage Increases.....	156
Aon Hewitt on Compensation Expenditures	160
Towers Watson on Salary Increases	163
Mercer on U.S. Pay Increases	166
WorldatWork on Pay Increase Budgets	170
CareerBuilder on College Graduates’ Job Prospects	173

■ List of Figures

Chapter 1—HR Metrics and Human Capital Management

Figure 1-1—Recent Changes in HR Department Responsibilities, 2015	4
Figure 1-2—Changes in HR Responsibilities, 2005-2015	5
Figure 1-3—Job Prospects for Nonmanagement Workers, 2005-2015	6
Figure 1-4—Employer Difficulties Filling Vacant Jobs, 2005-2015	8
Figure 1-5—Unscheduled Job Absence, 2005-2015	10
Figure 1-6—Employee Turnover, 2005-2015	12
Figure 1-7—Current HR Department Priorities	14
Figure 1-8—Areas of Anticipated Change in HR Department Priorities	16
Figure 1-9—Extent of Metrics and Planning in HR, 2015	18
Figure 1-10—Extent of Metrics and Planning in HR, 2005 vs. 2015	21
Figure 1-11—Reporting Relationships of HR Executives, 2015	22
Figure 1-12—HR’s Strategic Involvement within Organization, 2005 vs. 2015	23
Figure 1-13—HR’s Strategic Involvement by Reporting Relationship	24
Figure 1-14—Average Direct Learning Expenditure per Employee, 2002-2014	25
Figure 1-15—Average Direct Learning Expenditure per Employee, 2014 By Workforce Size and Select Industry Classifications	26
Figure 1-16—Distribution of Learning Expenditures, 2014	27
Figure 1-17—Direct Learning Expenditures as a Percentage of Payroll, 2002-2014	28
Figure 1-18—Learning Hours per Employee, 2002-2014	29
Figure 1-19—Average Cost per Learning Hour, 2002-2014	30
Figure 1-20—Talent Issues: Importance vs. Readiness, 2015	32
Figure 1-21—Assessment of HR’s Performance: HR Leaders vs. Non-HR Leaders	34
Figure 1-22—Investment Plans for Human Resources	35
Figure 1-23—Current State of HR Analytics Capabilities	36

Figure 1-24—Complexity of Current Work Environment and Business Practices 36

Figure 1-25—Programs to Simplify Work Practices 37

Chapter 2—HR Staffs, Budgets and Compensation

Figure 2-1—Changes in HR Staff Levels, 2005-2015 42

Figure 2-2—HR Staff Ratios, 1995-2015 44

Figure 2-3—Change in Employee Headcount, 2014 to 2015 45

Figure 2-4—Change in HR Staff Level, 2014 to 2015 45

Figure 2-5—Change in HR Staff Ratio, 2014 to 2015 46

Figure 2-6—Median HR Staff Ratio, 2014 vs. 2015 48

Figure 2-7—HR Staff Ratios by Workforce Size, 1995-2015 52

Figure 2-8—Prevalence of HR Specialists by Workforce Size, 2015 vs. 2005..... 54

Figure 2-9—Median Budgeted Change in Total HR Expenditures, 1995-2015 56

Figure 2-10—Median Budgeted HR Expenditure per Employee, 1995-2015 58

Figure 2-11—HR Budget as a Percentage of Operating Costs, 1995-2015 60

Figure 2-12—Major HR Technology Initiatives 62

Figure 2-13—Use of HR Analytics 64

Figure 2-14—Change in HR’s Focus and Roles in 2015 65

Figure 2-15—Key Factors in Satisfaction with HR System Vendors 66

Figure 2-16—HR Technology Costs by Deployment and Workforce Size 67

Figure 2-17—HR Technology Costs by Level of Change Management 68

Figure 2-18—Spending Plans for HR Applications in 2015-2016 68

Figure 2-19—Average and Median Salaries for Select HR Positions 69

Figure 2-20—Employment Levels and Salary Ranges for Select HR Positions..... 70

Figure 2-21—HR Salary Ratio versus HR Staff Ratio, 2005-2015 72

Chapter 3—Benefits Costs and Strategies

Figure 3-1—Average Annual Health Insurance Premiums and Worker Contributions for Family Coverage, 2005-2015..... 79

Figure 3-2—Average Premium Increases for Covered Workers with Family Coverage, 2000-2015	80
Figure 3-3—Average Annual Premiums for Single and Family Coverage, 1999-2015	81
Figure 3-4—Distribution of Annual Premiums for Covered Workers with Single Coverage, 2015	83
Figure 3-5—Distribution of Annual Premiums for Covered Workers with Family Coverage, 2015	83
Figure 3-6—Average Annual Premiums for Covered Workers with Family Coverage, by Firm Size, 1999-2015	84
Figure 3-7—Average Monthly and Annual Premiums for Covered Workers, by Plan Type and Region, 2015	85
Figure 3-8—Average Monthly and Annual Premiums for Covered Workers, by Plan Type and Industry, 2015	87
Figure 3-9—Average Percentage of Premium Paid by Covered Workers for Single and Family Coverage, 1999-2015	88
Figure 3-10—Average Monthly Worker Premium Contributions Paid by Covered Workers for Single and Family Coverage, 1999-2015	89
Figure 3-11—Average Annual Worker and Employer Contributions to Premiums and Total Premiums for Single Coverage, 1999-2015	90
Figure 3-12—Average Annual Worker and Employer Contributions to Premiums and Total Premiums for Family Coverage, 1999-2015	90
Figure 3-13—Average Annual Firm and Worker Premium Contributions and Total Premiums for Covered Workers for Single and Family Coverage, by Plan Type, 2015	91
Figure 3-14—Average Annual Worker Contributions for Covered Workers with Single Coverage, by Firm Size, 1999-2015	93
Figure 3-15—Average Annual Worker Contributions for Covered Workers with Family Coverage, by Firm Size, 1999-2015	93
Figure 3-16—Distribution of Percentage of Premium Paid by Covered Workers for Single and Family Coverage, 2002-2015.....	94
Figure 3-17—Percentage of Covered Workers Enrolled in a Plan with a General Annual Deductible of \$1,000 or More for Single Coverage, by Firm Size, 2006-2015	95
Figure 3-18—Percentage of Firms Offering Health Benefits, by Firm Size, 1999-2015	96

Figure 3-19—Percentage of Firms Offering Health Benefits, by Firm Size, 1999-2015	97
Figure 3-20—Distribution of Health Plan Enrollment for Covered Workers, by Plan Type, 1988-2015	99
Figure 3-21—Percentage of Covered Workers Enrolled in an HDHP/HRA or HSA-Qualified HDHP, 2006-2015	100
Figure 3-22—Among Firms Offering Health Benefits, Percentage of Firms Offering Specific Wellness Program to Their Employees, by Firm Size, 2015	101
Figure 3-23—Among Large Firms Offering Health Benefits, Percentage of Firms Offering Incentives for Various Wellness and Health Promotion Activities, 2015.....	102
Figure 3-24—Among Firms Offering Health Benefits, Percentage of Firms That Have Taken Various Actions in Anticipation of the Excise Tax on High-Cost Plans, by Firm Size, 2015	103
Figure 3-25—Growth in Total Health Benefit Costs vs. Price Inflation and Earnings Gains, 1990-2016.....	104
Figure 3-26—Total Health Benefit Cost per Employee, 2014-2015	105
Figure 3-27—Medical Plan Cost per Employee in 2015	106
Figure 3-28—Health Plan Enrollment by Plan Type, 2005 vs. 2015	107
Figure 3-29—Consumer-Driven Health Plans, 2011-2018	108
Figure 3-30—Estimated Percentage of Employers Hitting the ACA Excise Tax Threshold, 2018-2022.....	109
Figure 3-31—Expected Eliminations of Health Care Coverage in 2013-2015, by Workforce Size	109
Figure 3-32—Programs to Support Employees’ Well-Being	110
Figure 3-33—Telemedicine Services, 2013-2015	111
Figure 3-34—Projected Medical Cost Trends, 2015 and 2016	114
Figure 3-35—Components of Projected Cost Trends for Hospital Services, Physician Services and Prescription Drugs, 2015 and 2016.....	115
Figure 3-36—Projected Prescription Drug Cost Trends, 2015 and 2016	116
Figure 3-37—Comparison of Projected and Actual Cost Trends, 2010-2014	117
Figure 3-38—Selected Medical, Drug and Dental Cost Trends, 2002-2016	118

Figure 3-39—PwC Health Research Institute’s Medical Cost Trend, 2007-2016	121
Figure 3-40—National Health Expenditures: Annual Growth Rate and Share of GDP, 1961-2013.....	122
Figure 3-41—Average Employer Insurance Deductible and Percentage of Consumers Foregoing Health Care, 2009-2015	124
Figure 3-42—Inpatient Admissions and Outpatient Visits, 2003-2016	125
Figure 3-43—Impact of Cost-Shifting on Health Care Choices	125
Figure 3-44—Financial Impact of ACA Requirements	126
Figure 3-45—Traditional and Specialty Drug Approvals, 2005-2014	127
Figure 3-46—Method of Benefits Enrollment, 2011 vs. 2015	129
Figure 3-47—Method of Benefits Enrollment by Generation in 2015	130
Figure 3-48—Time Spent Researching Benefits Options	131
Figure 3-49—Employee Comprehension of Health Insurance Coverage	132
Figure 3-50—Availability and Perceived Helpfulness of Enrollment Resources	133

Chapter 4—The Economy, Pay and Compensation Strategies

Figure 4-1—Bloomberg’s 2016 Economic Forecast	149
Figure 4-2—Wage Trend Indicator and Private Industry Wage Growth	153
Figure 4-3—Wage Trend Indicator Components	154
Figure 4-4—Key Economic Indicators and Base Salary Increases, 2014-2016	157
Figure 4-5—Base Pay and Variable Pay Increases, 1996-2016	160
Figure 4-6—Base Salary Increases by Employee Group and Performance Level, 2015	164
Figure 4-7—Average Base Salary Increases, 2012-2016	166
Figure 4-8—Annual Base Pay Increases by Performance Level	168
Figure 4-9—Average Promotional Increase as Percentage of Base Pay, 2011-2015	169
Figure 4-10—Availability of Base Pay Increases by Type of Increase and Workforce Size.....	171
Figure 4-11—Availability of Variable Pay by Type of Increase and Workforce Size	172

Figure 4-12—Expectations and Perceptions Regarding New College Graduates	173
Figure 4-13—Anticipated Salaries of Recent College Graduates	174
Figure 4-14—In-Demand College Majors	175
Figure 4-15—Areas Where Colleges Have Fallen Short	176
Figure 4-14—Skills and Qualities Lacking in Recent College Graduates	177

■ Acknowledgements

As always, we are indebted to Fonda Jarrett, Peter Bailey, Mike Wright and Clare Bailey of Bloomberg BNA for their diligent, conscientious and professional work on the compilation, design and publication of this report.

■ About the Authors

The following individuals contributed to the study design, analysis, writing, copyediting and production of this report.

Molly Huie

Research Director and Managing Editor

Cordelia Gaffney

Manager, Bloomberg BNA Graphics Unit

Mike Foley

Graphics Coordinator

Todd Bunce

Editor and proofreader

J. Michael Reidy

Consulting editor

■ Executive Summary and Highlights

As “personnel” and “industrial relations” evolved into human resources, the metrics, standards and lexicon of the HR department also underwent a transformation. That evolution continues, of course, and is no more evident than in the indices and data now brought to bear in the execution and evaluation of the human resources function. Benchmarks and metrics have become integral aspects of doing business in human resources.

This report compiles essential research, analysis and perspective on important benchmarks and developments in human resource capital management; HR department staffs and funding; benefit programs, costs and strategies; economic conditions; and pay increases and compensation strategies. The report provides a carefully chosen overview of key developments and metrics germane to the human resources function, as well as their implications for human resource executives, their staffs and the employees and organizations served by the HR department.

Key findings and developments are summarized below.

HR Metrics and Human Capital Management

The pace of change in HR department responsibilities has slowed over the past several years, according to Bloomberg BNA’s annual survey of HR departments. Less than three in 10 human resource executives surveyed in 2015 (29 percent) and 2014 (27 percent) reported some change in their offices’ duties within the previous 12 months, down from more than two-fifths of respondents a decade earlier (42 percent in both 2005 and 2004) and roughly half of HR officers surveyed in 2006 and 2007. Still, the HR department remains much more likely to take on new responsibilities than to relinquish any tasks or programs; nearly one-fourth of HR offices surveyed in 2015 (23 percent) had acquired new duties within the previous 12 months, while less than one-tenth (9 percent) surrendered activities during the past year.

Employment prospects for nonmanagement employees remain fairly strong, especially in comparison with job opportunities from 2009 through 2013, according to Bloomberg BNA’s latest quarterly survey on the hiring outlook, layoffs and job security. The hiring outlook for technical and professional workers is back on the upswing after a brief stall in late 2015, and the survey also showed improving job prospects for production/service employees and office/clerical

About Bloomberg BNA

Bloomberg BNA delivers specialized information to human resources, legal, business, and government professionals at every level of expertise. As the leading independent publisher of print and electronic news, analysis, and reference products, Bloomberg BNA has provided intensive coverage of new developments for more than 75 years.

An extensive network of more than 500 Bloomberg BNA editors, reporters, and correspondents, posted at federal, state and international government offices, courts and other key locations, ensures that you have timely information and expert analysis of the issues that matter most. Our authoritative, nonpartisan publications are recognized for their editorial excellence and objectivity.

See why Bloomberg BNA's fast, reliable HR answers make us the most trusted information leader in the industry. Visit www.bna.com/HR to learn more.



1801 S. Bell Street • Arlington, VA 22202

800.372.1033

bna.com