

## Salary Budgets – Where are they Heading?

Early fall survey data on 2012 survey budgets is starting to come in. And the picture hasn't changed much from our last update in the spring newsletter. Although one might expect an impact from the recent downturn in the economy, actual 2011 salary budgets and 2012 projected budgets remain at or near the 3% range. Let's take a quick look at reports from some major surveys:

Survey *	2011 Actual	2012 Projected Salary Budget (Overall)
Conference Board	3.0%	3.0%
World at Work	3.0%	3.0%
Aon Hewitt	2.8%	3.0%
Hay Group	2.9%	3.0%

### Will 2012 be a Repeat of 2009?

You'll remember that in the early fall of **2008**, salary budget projections for **2009** were close to **4%**. As a result of the financial crisis beginning in **October of 2008**, actual budgets were rocked...ending up just over **2%** for the year.

**2012** presents a more interesting and challenging case. The economy started out this year on a bright note and then sputtered in the spring. At this point, the US economy continues to struggle, and the unemployment rate remains high. Yet organizations continue to report stability in salary budgets.

### Looking into the Crystal Ball...

If current economic trends continue, employers may decide to be more conservative and cut salary budgets. If this does happen, the cuts will likely be modest, as we appear to be in a slow holding pattern vs. the explosive decline that occurred in the fall of 2008.

### Tips for Employers

If you're in the position of making 2012 salary recommendations based on market data, be sure to do some extra homework this year, especially if economic conditions continue to deteriorate.

- 1) **Get the latest data.** Some surveys publish updates or release data later in the fall...these sources will reflect any changes in direction reported from employers.
- 2) **Ask around!** Most of us have peer groups to which we can reach out. Make a few calls to see if employers in your industry are making adjustments to original projections.

We'll do another update next year to see how the chips settled on this one. Stay tuned!

### Sources

*WorldatWork Salary Budget Survey for 2011-12*

*Hay Group 2011 Compensation Survey*

*AON Hewitt's 2011 and 2012 U.S. Salary Increase Survey*

*Conference Board U.S. Salary Increase Budgets for 2012*

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