



Compensation Survey Standards and Attributes

The following requirements represent a list of minimum compensation survey standards. A compensation survey should meet these standards in order to provide an acceptable survey for purposes of compensation study preparation. The scope should represent a wide range of company sizes, geographic locations and target markets. The underlying survey data should be sufficiently broad and deep to ensure that the survey is statistically significant and valid for the purposes of complying with FAR guidelines. Finally, the survey data must be generally accepted as valid by compensation professionals, engineering management, and by those administering and auditing for FAR compliance purposes. As much as possible, a survey should strive to gather appropriate data and data points without being overly burdensome on the participants.

- **Antitrust and Safe Harbor Guidelines**

- The survey will comply with antitrust laws and safe harbor guidelines including:
 - The information provided by survey participants is based on data more than three months old.
 - There are at least five providers reporting data upon which each disseminated statistic is based, no individual provider's data represents more than 25 percent on a weighted basis of that statistic, and any information disseminated is sufficiently aggregated such that it would not allow recipients to identify the prices charged or compensation paid by any particular provider.
 - The survey will not identify individual company data in the survey report.
 - The survey will avoid assigning and publishing participant codes because it may lead to concerns that codes exist only to be exchanged among the participants.
 - The survey will display aggregate data, not individual company data.
 - The survey will collect historic data; projections are riskier because of the implication of controlling future plans.
 - The survey will be especially cautious if the industry has only a few members or consists of primarily high-profile companies. These may be instances where the group of companies arguably has the ability to control wage levels.
 - The survey company will not exert undue pressure on reluctant participants.

- **Participation**
 - The survey company will maintain strict confidentiality standards for all data collected.
 - The survey will clearly indicate participation levels expressed by total number of firms participating, number of firms in each revenue breakpoint, number of firms in each discipline, and number of firms in each geographic area covered by the survey.
 - The survey will clearly state the number of data points included in each position and stratification level.
 - The survey value is enhanced with the consistent participation, over multiple years, of benchmark companies who use a strategic pay-level policy. (Pay-level policy determines the company's strategy to either lead, match or lag the market)
 - The survey company will, to the best of their knowledge, limit participating firms to those who are financially stable, and considered to be a going concern.

- **Description of Executive Positions**
 - The survey will provide a clear and concise description of each executive position, defining the position and related responsibility, and not relying on title alone.
 - The survey will use position descriptions with selected characteristics such as job responsibilities, education, years of experience, reporting relationships, independence of decision making, scope of decision making, authority, percentage of time spent on client interaction and project chargeable activities, and relationship of job performance to company financial performance.
 - Executive positions may include, those referenced in the 2010 Edition of the AASHTO Uniform Audit and Accounting Guide's description of a National Compensation Matrix (CEO, Executive or Senior Vice President, Other Principals including those with ownership interest in the firm, Director of Finance, Director of Administration, Director of Operations, and Director of Information Technology). This list should not be considered absolute as the National Compensation Matrix has not been finalized and accordingly, the survey may include additional executive positions not included in this list.

- **Data Presentation**
 - The survey will provide appropriate operational revenue breakpoints for firms that are neither too broad nor too narrow. As a minimum, the survey should provide a beginning revenue point of \$500 thousand. No maximum revenue is defined; however, the survey should provide sufficient breakpoints to allow a firm to choose a breakpoint reasonably close to the firm's gross revenue. As an example, a firm with gross revenues of \$500 million may find limited value in a survey with a maximum revenue breakpoint stated as "over \$100 million".
 - The survey will identify the positions to which individual revenue responsibility is applicable. The survey will provide appropriate revenue responsibility breakpoints that

are neither too broad nor too narrow (see above point on operational revenue breakpoints).

- In the executive summary, the survey will include data on the overall average year-to-year change in salary and total compensation for use in developing escalation factors.
 - The survey will clearly state the effective date(s) of the survey data.
 - The survey will include a copy of the survey mailed to participants in the published survey results.
 - The survey will provide compensation breakout by executive position.
 - The survey will present geographical regions or metropolitan area data as an index by region.
 - The survey will list elements of compensation referenced in FAR 31.205-6 including as a minimum: salary, bonus, stock options, retirement and “all other W-2 compensation”.
 - The survey will provide statistically significant categories of data to support various pay-level policies, including weighted averages, mean, median, and data by quartile for each data point in compliance with safe harbor guidelines.
- **Financial Performance Data** - This information is intended to allow firms to more accurately compare compensation levels consistent with level of company financial performance.
 - The survey will provide appropriate data to determine a firm’s performance relative to its industry. Metrics such as profit before income taxes and incentive compensation, utilization, multiplier and sustained, consistent growth should be considered.