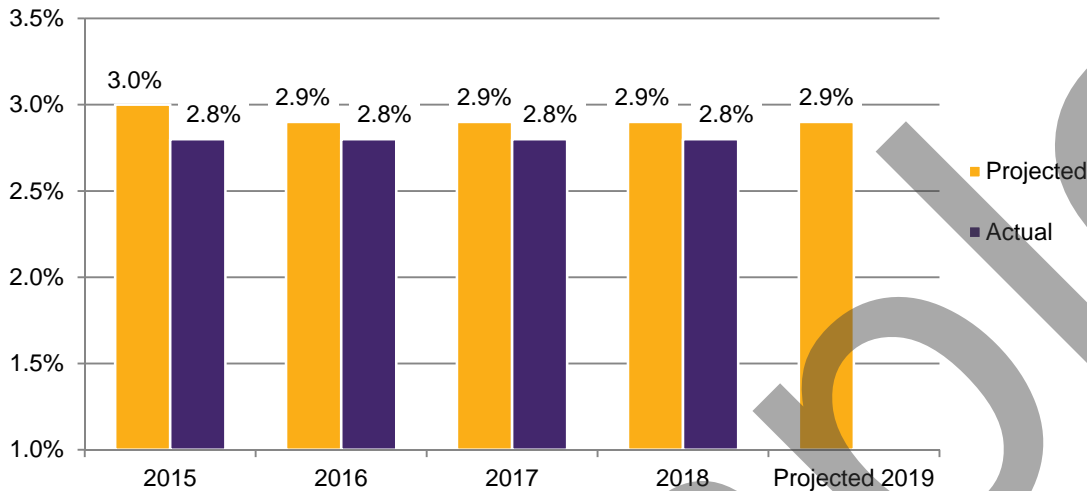


**SALARY INCREASE TRENDS — FIVE YEAR TREND FOR ALL EMPLOYEES (NON-UNION)**

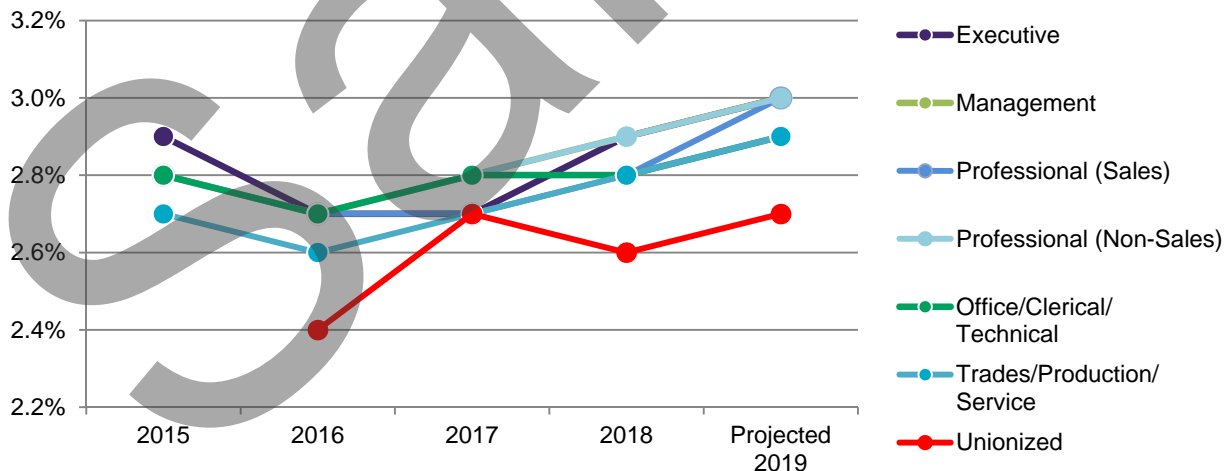
The following graph provides the average actual salary increase for all non-union employees from 2015 through 2018 and projected salary increases for 2015 through 2019.



Actual 2017, 2018 and Projected 2019 numbers are based on Merit Increase Budget definition. Other figures are based on Salary Increase Budget definition from the 2016/2017 survey version. Please see page 2 for definitions. All averages include 0s.

**SALARY INCREASE TRENDS — FIVE YEAR TREND BY EMPLOYEE GROUP**

The following graph provides the average actual salary increase by employee group from 2015 through 2018 and projected salary increase for 2019.



Actual 2017, 2018 and Projected 2019 numbers are based on Merit Increase Budget definition. Numbers prior to 2017 are based on Salary Increase Budget definition from the 2016/2017 survey version. Please see page 2 for definitions. All averages include 0s.

## CHANGES IN SALARY BUDGETS

Participating organizations were asked to indicate the reasons their 2019 projected salary increase budget was lower or higher than their 2018 actual salary increase budget. Approximately two-thirds of organizations (68%) are projecting that their 2019 increase budget will be the same as their 2018 increase budget.

The primary reason for lowering the projected salary increase budget was indicated as a “Response to economic uncertainty or general cost reduction initiative” by 21% of responding organizations. Almost one-quarter of organizations that planned to increase their 2019 projected salary increase budget versus the 2018 actual salary increase budget, indicated the primary reason was “Greater competition for workforce or anticipated labor shortages”.

### Projected Budget Is Lower Than 2018 Actual (N=66)

Primary Reason for Change	% of Organizations
Response to economic uncertainty or general cost reduction initiative	21%
Business and / or industry performance weaker than expected	17%
Change in base salary strategy or target positioning to market	5%
Shift in budget dollars to other reward elements (e.g, variable pay, benefits)	3%
Change in business strategy	11%
Response to the decline in commodity prices	2%
Other	42%

Other responses include: 2018 budget was higher than normal; In 2018, had a higher budget to address equity; Minimum wage adjustments increased last year's budget; Improved market competitiveness in 2018; One-time increases in 2018. Percentages may not equal 100% due to rounding.

### Projected Budget Is Higher Than 2018 Actual (N=207)

Primary Reason for Change	% of Organizations
Greater competition for workforce or anticipated labor shortages	23%
Response to economic improvement	20%
Account for salary freeze, delayed or lower than normal increases in previous years	14%
Change in base salary strategy or competitive positioning to market	20%
Business and / or industry performance stronger than expected	12%
Change in business strategy	5%
Other	6%

Other responses include: 2018 increases were lower due to economic and environment factors; Market competitiveness; Retain talent in the Bay Area.