



Tracking Your Facilities Vital Signs

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SALARY TRENDS in Facilities Management: SENIOR LEADERSHIP

In our first FM salary report published last year, “Six-Year Salary Trends for Facilities Professionals,” I wrote about the importance of facilities professionals devoting as much effort, study, analysis and debate to our employee compensation policies, practices, and trends as we do to the more exciting and comfortable technical challenges of our profession (*Facilities Manager*, July/August 2014). The article and the sources it cited were intended to serve as a resource for you and your fellow facilities professionals to gain insight into facilities management workforce salary trends. I described a method for using the APPA *Facilities Performance Indicators (FPI) Report*, the Department of Labor Bureau of Labor Statistics (BLS) annual National Compensation Survey, the national *Consumer Price Index (CPI)*, and the national *Employment Cost Index (ECI)* to perform trend analysis on the health of your workforce facilities management compensation program.

In this article I will drill down into the personnel salary data of the APPA FPI report and focus on 11 facilities management senior leadership job titles reported on from the annual APPA FPI survey. There are six modules in the APPA FPI survey representing the six facilities management core functions—*Administration, Maintenance, A&E/Construction, Custodial, Landscape/Grounds, and Energy/Utilities*. The survey collects salary data for 52 different jobs, grouped by the core function they are associated with. Due to space limitations, we have posted the charts showing salary data for all 52 job titles on the APPA website at <http://www.appa.org/documents/SalaryReportFigureswithText.pdf>.

SALARY TRENDS IN FM SENIOR LEADERSHIP JOBS

Let's turn our attention to the 11 job titles that are designated as senior leadership jobs as indicated in Figure 1. It is important to recognize the value of the entire facilities management workforce and realize that proper salary policies and practices are key success factors in recruiting and maintaining high-quality personnel. Simply having a snapshot of current salaries is not enough to make an informed judgment about the impact of salary policies and practices on the success of your facilities management organization. Being informed about your organization's salary trends and the relationship of salaries among different jobs within your organization and with certain external salary-related indicators will put you in a better position to make good salary management decisions.

Figure 1. 11 Senior FM Leadership Positions



Visit www.appa.org/documents/SalaryReportFigureswithText.pdf for additional informational salary data.

Figure 2 is a graph of salary trends for the 11 APPA FPI senior leadership job titles for the seven-year period from FY 07-08 to FY 13-14. A quick glance will reveal that the reported average salary for all senior leadership job titles is relatively flat over this period, with only slight increases in most of them and slight decreases for two of them. As you interpret the meaning of salary trends, it is important to review how the job titles are

defined in the APPA FPI survey. For example, the APPA FPI definition for Chief Facilities Officer is:

The highest ranking facilities administrative officer responsible for the operation and maintenance of the institution's facilities. Common titles include vice president for facilities, associate or assistant vice president or vice chancellor, director of facilities management or physical plant, and superintendent of buildings and grounds. An institution may report more than one individual in this data field when primary responsibility for activities such as planning, construction, and maintenance of facilities are separated within the institution.

After reviewing the APPA FPI job title definitions, you can compare current and historical salaries for comparable job titles in your organization to those in Figure 2 and get a macrolevel view of how salaries stack up for people in your organization serving in senior leadership job titles.

The data in Figure 2 provides insight into average salary trends for senior leadership job titles for K-12 and higher educational institutions as reflected in the APPA FPI report. However, a trend analysis of your organization's salary history compared to trends of other external salary data and related indicators can also be informative.

The Bureau of Labor Statistics publishes the *Consumer Price Index (CPI)*¹ and the *Employment Cost Index (ECI)*.² The *CPI* tracks an element of the cost of living and also tracks the cost to employers of one hour of labor, thereby representing salary trends for various groups of workers. By normalizing the *CPI*, *ECI*, and the APPA FPI data using FY 07-08 as the base year, we are able to compare the senior job title salary trends with two national economic indicators. In other words we analyze the change in seven years compared to the base year of FY 07-08. These normalized results are displayed in Figure 3.

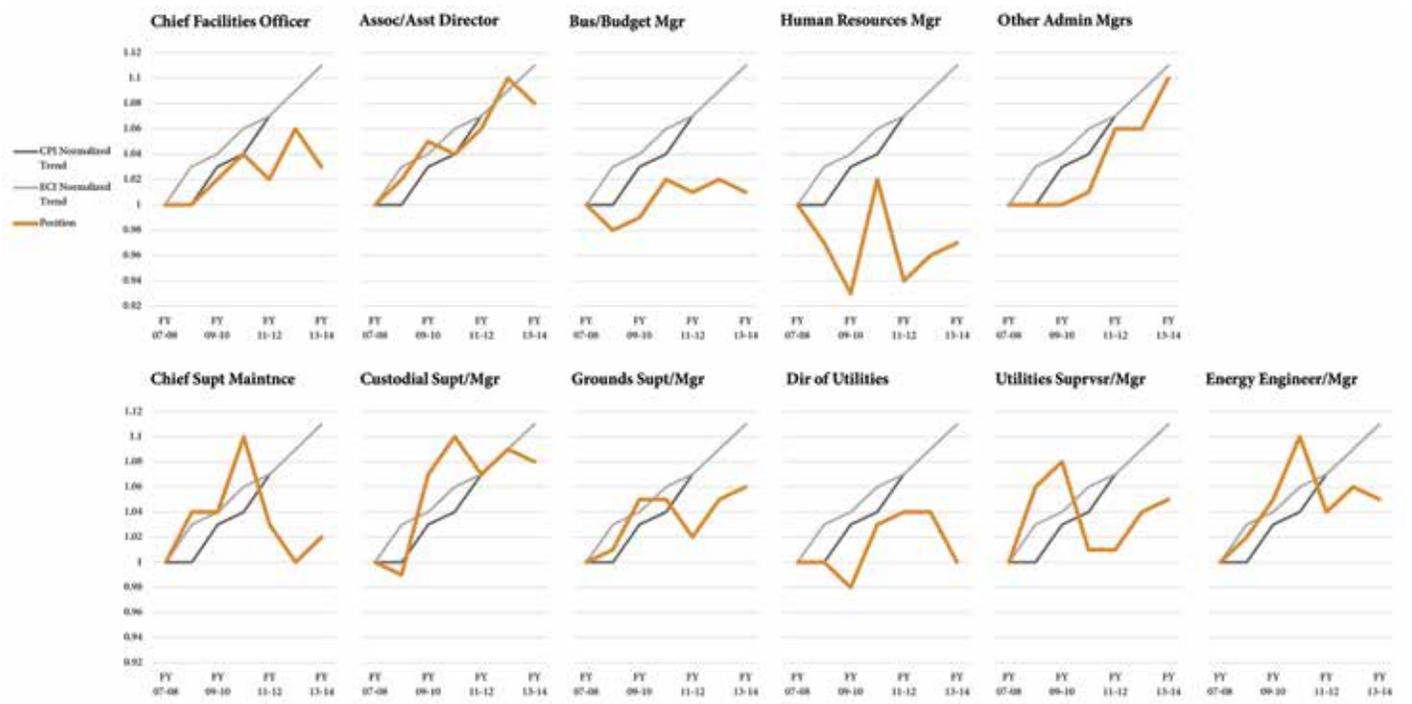
The normalized view provided by Figure 3 is more effective in displaying the slight increases and decreases in average salary over the seven-year period for each of the senior leadership job titles. The two dashed lines represent the normalized *CPI* and *ECI* as denoted in the graph. The *CPI* and the *ECI* have had a steady mild growth rate, with both indicators coincidentally climbing to 11 percent higher than their FY 07-08 value.

Although the *CPI* and *ECI* are national macro indicators, the implication is that an aspect of the cost of living was 11 percent higher in FY 13-14 than it was in FY 07-08, and that average salaries kept pace with the cost of living from a national macro viewpoint. However, the average salaries for senior leadership job titles as reported in the APPA FPI lagged behind the cost of living and national salary growth trends. All but one senior leadership job title in the APPA FPI experienced a FY 13-14 growth rate of less than 8 percent compared to FY 07-08. The average compos-

Figure 2. FPI Senior Leadership Jobs – Average Annual Salary Trend



Figure 3. FPI Senior Leadership Jobs – Normalized Salary Trend



Base Year = FY 07-08



Process Overview

Starting with seven years of salary data from the files downloaded from the APPA FPI report on the APPA website, we also downloaded the ECI and the CPI data files from the BLS website. We built an Excel data model integrating the data from all those sources. Then, using the same method as BLS, we created composite indicators to represent groups of jobs. We normalized the data against the FY 07-08 base year for data compatibility and “apple-to-apple” comparisons. In addition to comparing current average salaries, we also reviewed salary trends and compared them with trends for three external salary-related indicators.

ite change for all 11 job titles is 4 percent compared to the 11 percent change in the CPI and ECI.

In order to visualize trends for the APPA FPI senior leadership job titles as a group, I used the same method used by BLS to generate a composite trend line. This is done by computing the total salary amount reported for each job title (average salary times the number of full-time equivalent employees (FTEs), summing the results, dividing by the total number of FTEs reported in the APPA FPI survey, and then normalizing against the base year of FY 07-08. I also performed these same operations on the salary trends for all 52 APPA FPI job titles.

By normalizing this composite trend data, we are now able to compare the result with the normalized CPI and ECI as shown in Figure 4. Close inspection of Figure 4 reveals that as a group, the salary for APPA FPI senior leadership job titles kept pace with the CPI and ECI until FY 12-13. From FY 12-13 to FY 13-14, while the CPI and ECI continued to exhibit mild growth, the composite average salary for the APPA FPI senior leadership job titles exhibited a relatively flat trend. One might make a macro conclusion that FPI senior leadership job titles salaries failed to keep pace with the cost of living and fell behind national salary growth for the seven-year period of this analysis.

An interesting observation is that FPI senior leadership jobs composite salary trends roughly follow the composite trend for all 52 FPI job

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Figure 4. APPA FPI Senior Leadership Jobs—Composite Salary Trend (Base Year = FY 07-08)

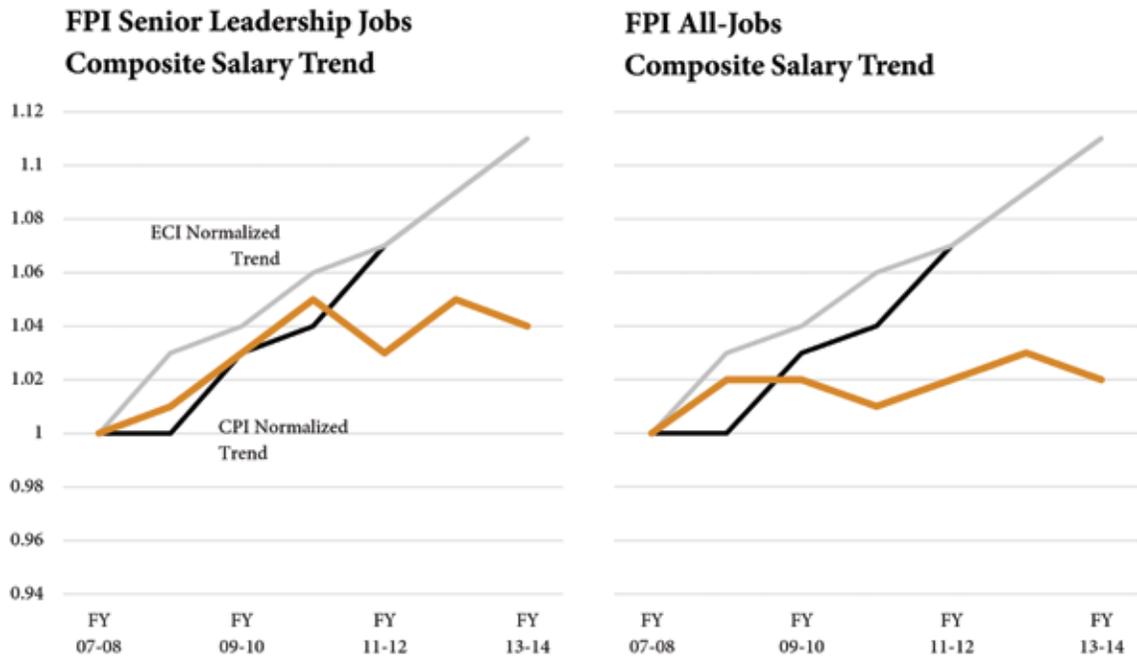
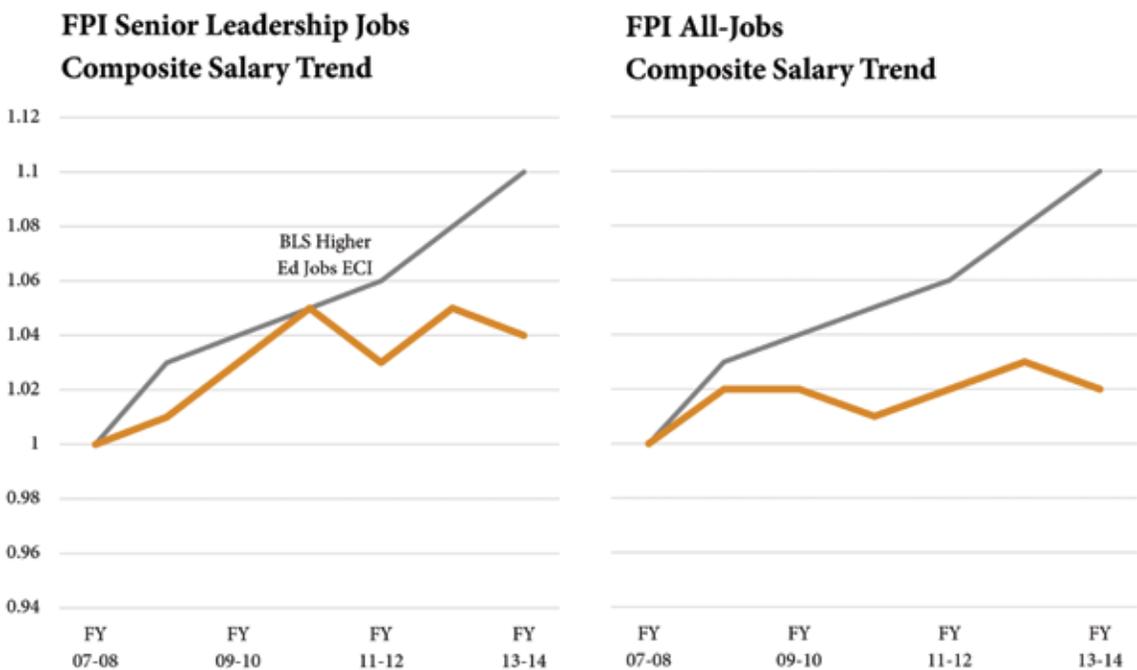


Figure 5. Higher Education Jobs Salary Trends (Base Year = FY 07-08)



titles except for a divergence in FY 10-11, when the composite average salary fell for the 52 FPI job titles but rose for the senior leadership job. At the end of the seven-year period, the composite average salary for the 11 senior leadership jobs had increased by 2 percent more than the composite salary average for the 52 FPI job titles. Therefore, salary trends for the 11 FPI leadership job titles fared slightly better than the general population of job titles reported on in the FPI report for the seven-year period.

So what about salary trends for all jobs at higher educational institutions in general? Are the trends exhibited by the FPI leadership job titles and the 52 FPI job titles just a reflection of the salary trend for jobs at higher educational institutions in general? The short answer is no. The *BLS Employment Cost Index* data is provided for various categories or sectors, one of which is the *junior colleges, colleges, universities, and professional schools* category.

I have normalized this data, plotted its composite trend line in Figure 5, and labeled it *BLS Higher Ed Jobs ECI*, along with the composite trend line for the FPI leadership job titles and the FPI all jobs trend line. As can be seen, the composite salary trend for all higher education jobs as reported by BLS significantly outpaced salary trends for jobs reported in the FPI.

CONCLUSION

By using data from the APPA FPI report and other public sources, you can make better judgments about the adequacy of your organization's salary policies, practices, and historical trends. Armed with data-driven conclusions about salaries backed up by thoughtful analysis, you will be in a better position to advocate for your organization's fair and appropriate share of your institution's salary budget. 💰

ENDNOTES

1. Consumer Price Index (CPI): see <http://www.usinflationcalculator.com/inflation/consumer-price-index-and-annual-percent-changes-from-1913-to-2008/>
2. Employment Cost Index (ECI): see <http://www.bls.gov/web/eci/ecbistrynaics.pdf>

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