



# 2025 Compensation Ratio Analysis - Definitions

- ❑ Total compensation ratio compares an employee's base salary to the full cost of employment (salary + employer\_paid\_benefits + payroll taxes, etc.).

$$\text{Compensation Ratio} = \text{Total Compensation} / \text{Total Salary}$$

- ❑ The Brentwood paid employee benefits include
  - Health and Dental Insurance
  - Life insurance
  - Short Term Disability Insurance
  - NH Retirement
    - Group I - 12.75% employee, 19.23% Teacher
    - Group II - 29.15% Fire, 30.95% Police
  - FICA
    - 6.2% Social Security & 1.45% Medicare = 7.65% for Group I
    - Medicare 1.45% for Group II (not eligible for social security)
  - Earned Time Accrual
  - Paid Holidays



# 2025 Compensation Ratio Analysis – BLS Stats

## ❑ Typical Ranges of compensation ratio per U.S. Bureau of Labor Statistics (BLS)

- Private sector (U.S., all industries): typically, 30–40% of salary.
- Public sector (municipal, state, federal jobs): Commonly 40–60% of salary

## ❑ U.S. Bureau of Labor Statistics Typical “*Rule of Thumb*”

- Private sector: Salary  $\times$  1.3–1.4  $\approx$  Total Compensation  
*Employee earns \$50,000, the true employer cost is usually \$65,000–\$70,000*
- Public sector / municipal: Salary  $\times$  1.4–1.6+  $\approx$  Total Compensation  
*Employee earns \$50,000, the true employer cost is usually \$70,000–\$80,000*

<https://www.bls.gov/news.release/ecec.nr0.htm>

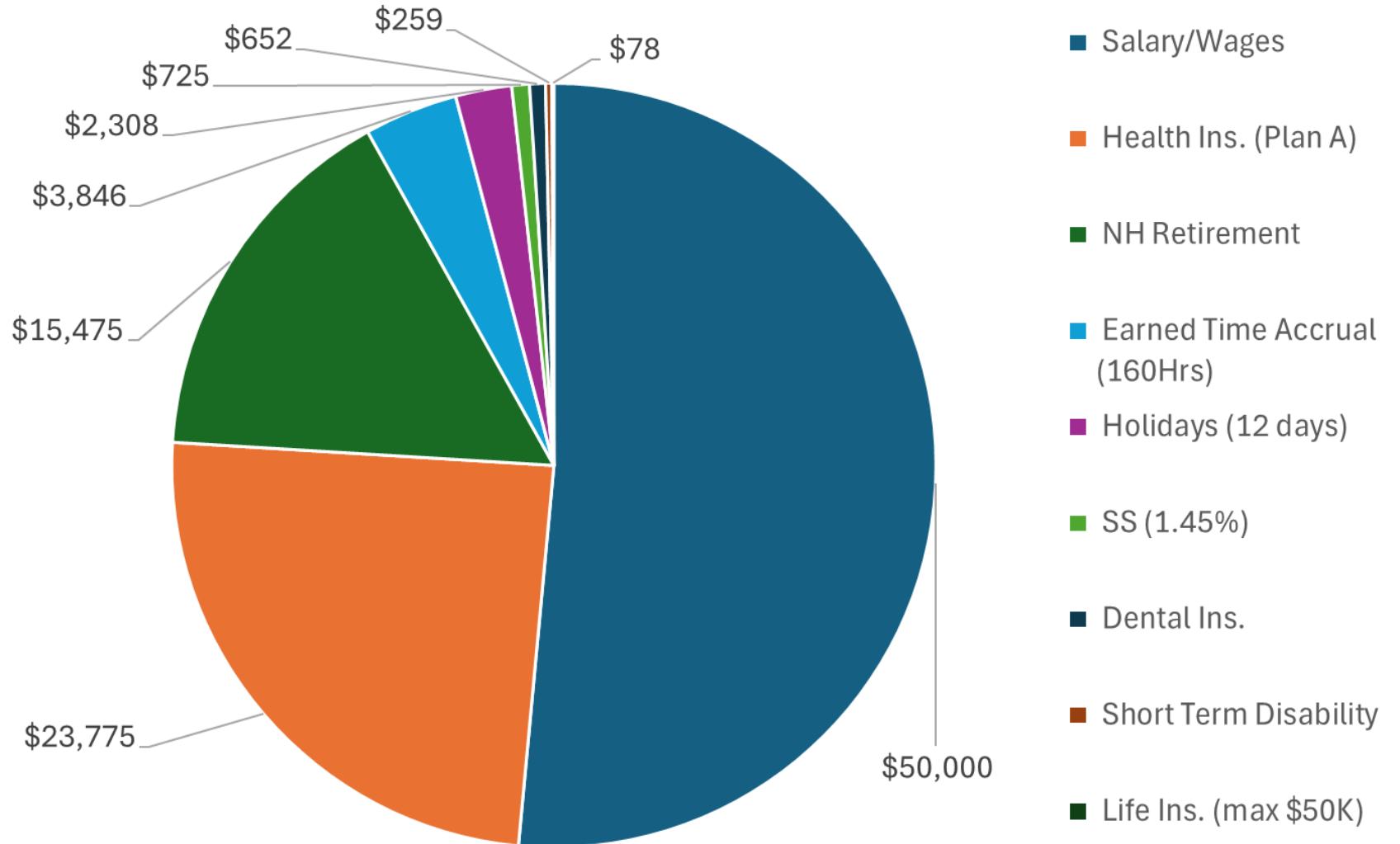
<https://www.bls.gov/news.release/ecec.t03.htm>



Brentwood Municipal  
Budget Committee

# 2025 Compensation Ratio Analysis - Example

**Police officer - \$50K**  
**5 Years service**  
**Couple health insurance**



**Salary/Wages = \$50,000**

**Total Benefits = \$47,118**

**Total Compensation = \$97,118**

**Compensation Ratio = 1.94**



## 2025 Compensation Ratio Analysis - Results

- ❑ Several typical employment scenarios were examined with varying salary, job type, years service, and health insurance plan (single/couple/family)
  - **Brentwood compensation ratio ranges from 1.59 to 2.24**
  - **The average compensation ratio of all scenarios is 1.89**
- ❑ Town of Brentwood average compensation ratio of 1.9 is well above (25%) the U.S. Bureau of Labor Statistics (BLS) typical range of 1.4 to 1.6 for public sector compensation ratios
- ❑ For a Brentwood employee earning \$50,000 in wages, the true average employee cost to Town is \$94,557. Per BLS, the true employer cost is \$70,000–\$80,000 for a public sector \$50,000 wage earner.
- ❑ Our higher compensation ratio should allow us to attract and retain talent for Town funded positions



# 2025 Compensation Ratio Analysis

## Typical Scenarios

<p><b>2 Years Service</b> <b>\$40K Wages</b></p>	<table border="1"> <thead> <tr> <th>Compensation Type</th> <th>2Yr Employee (single)</th> <th>2Yr Police (couple)</th> <th>2Yr Fire (family)</th> </tr> </thead> <tbody> <tr> <td>Salary/Wages</td> <td>\$ 40,000</td> <td>\$ 40,000</td> <td>\$ 40,000</td> </tr> <tr> <td>Total Benefits</td> <td>\$ 29,100</td> <td>\$ 41,825</td> <td>\$ 49,427</td> </tr> <tr> <td><b>Total</b></td> <td><b>\$ 69,100</b></td> <td><b>\$ 81,825</b></td> <td><b>\$ 89,427</b></td> </tr> <tr> <td><b>Compensation Ratio</b></td> <td><b>1.73</b></td> <td><b>2.05</b></td> <td><b>2.24</b></td> </tr> <tr> <td><b>Average Compensation Ratio</b></td> <td colspan="3"><b>2.00</b></td> </tr> </tbody> </table>	Compensation Type	2Yr Employee (single)	2Yr Police (couple)	2Yr Fire (family)	Salary/Wages	\$ 40,000	\$ 40,000	\$ 40,000	Total Benefits	\$ 29,100	\$ 41,825	\$ 49,427	<b>Total</b>	<b>\$ 69,100</b>	<b>\$ 81,825</b>	<b>\$ 89,427</b>	<b>Compensation Ratio</b>	<b>1.73</b>	<b>2.05</b>	<b>2.24</b>	<b>Average Compensation Ratio</b>	<b>2.00</b>			<p><b>Average Comp Ratio</b> <b>2.0</b></p>
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