Subject: Market Compensation Trends Analysis and Recommendations for 2024 Budget Planning

Dear [Recipient's Name],

As we approach the budget planning season for the upcoming year, I wanted to provide you with a comprehensive overview of the current market compensation trends and offer insights to guide our decision-making process.

The last two years, 2022 and 2023, presented unprecedented challenges and shifts in the employment landscape. Two years ago, we observed a candidate's market, where employers were compelled to offer salaries significantly above their established structures. However, the repercussions are now evident, with internal inequities arising, and the sustainability of these elevated pay levels proving to be fiscally challenging.

For the upcoming year, 2024, the trend appears to be stabilizing, and on average, employers are settling into a 4% increase as the new norm. It is critical to note that this average may vary based on geographic locations, considering factors such as the cost of living and inflation. To provide a more reliable indicator, we recommend focusing on the cost of labor.

Several reputable sources have conducted surveys supporting this trend:

1. **WorldatWork Survey (July 2023):**
* Actual increases for 2023: 4.4%
* Median projected increase budget for 2024: 4.0%
1. **Pay Factors Survey (2023-24):**
* U.S. average actual increases in 2023: 4.0%
* Planned increases for 2023: 3.8%
1. **DC SHRM Data (September 2023):**
* Average increase in 2023: 4.2%
* Expected increase in 2024: 4.0%
* Government contractors in 2023: 3.6%
* Non-profits/associations and for-profits in 2023: 4.0%
1. **Mercer Survey:**
* Merit increases budget for 2024: 3.5%
* Total salary increase budgets for non-unionized employees for 2024: 3.9%

It's worth noting that these figures reflect an overall trend, and individual company circumstances may vary based on turnover, hiring data, and company financials.

As we navigate through these considerations, please feel free to reach out for any additional information or clarification. I look forward to collaborating with you to ensure our compensation strategies align with both market trends and our organizational goals.

Thank you,

[Your Signature]