

## **STAFF COMPENSATION PLAN FREQUENTLY ASKED QUESTIONS**

### **Why are we doing the compensation study now?**

ISU originally began to investigate doing the study with Mercer in 2005 but did not actually start the study until late 2007. With any type of compensation program, it needs to be periodically reviewed and updated. The sole purpose of the compensation study was to make sure we have a sound and consistent system that is fair to all positions while being as competitive as possible with the market place.

### **Did the compensation study look at benefits too?**

This study looked only at staff salaries.

### **How was my job evaluated and placed into a salary grade?**

In late 2007 we asked staff employees and their supervisors to complete a Position Information Questionnaire (PIQ) that provided information regarding each job. Approximately 1200 questionnaires were completed and each PIQ was reviewed by Mercer Consulting. From the completed questionnaires, 131 benchmark jobs were identified and salary data collected from various published salary surveys. Salary grades and ranges were developed and the benchmark jobs were placed in the salary grade where the salary data for the benchmark job was closest to the midpoint of the new salary grade. The midpoint is considered the competitive territory or where most organizations try to pay. The non-benchmark jobs were then reviewed and compared to a benchmark job within the job family and slotted in a higher, lower, or the same salary grade using the compensable factors listed below.

The compensable factors used to review and compare each staff job were:

1. The level of knowledge, training and experience needed to do the job.
2. The degree of complexity in the job.
3. The impact/consequences of actions.
4. The degree of authority /latitude.
5. The level of supervisory responsibility.
6. The level of interpersonal communications.

### **What is the market median?**

It is the 50th percentile of the market and where a lot of organizations will pinpoint their pay practice. By definition the median means that half of the organizations pay more than the 50th percentile and half pay less than the 50th percentile. The central tendency, the median, is where you have a lot of salaries clustered and that is the point where salaries are in competitive territory.

### **What is a benchmark job?**

A job that is commonly found in the labor marketplace or a job that is highly relevant or populated within an organization. It is important to get a large number of representative jobs that cut across different areas of the University. We identify benchmark jobs that other organizations will likely have so we can do an apples to apples comparison. The 131 jobs identified as benchmark jobs represent 45% of the staff population at ISU. When we compare to the outside market, we benchmark jobs based on the job description, not job title.

### **What is internal equity?**

A term used to compare one job to another job as it relates to skill, knowledge, ability and working conditions. When we compared one job against another we used the following compensable factors:

1. The level of knowledge, training and experience needed to do the job.
2. The degree of complexity in the job.
3. The impact/consequences of actions.
4. The degree of authority /latitude.
5. The level of supervisory responsibility.
6. The level of interpersonal communications.

### **What do the results show?**

Studies indicate on average, salaries at ISU are 17% below average, or 83 % of the market median, compared to other jobs that were surveyed. This gives us an idea of what actions need to be considered down the road for moving the staff at ISU to a more competitive position.

### **Why do we have a new salary structure?**

ISU had three separate salary structures with 30 different pay ranges, an excessive number of pay grades not seen in organizations today. Organizations over the last 20 years have moved away from a system that has 25-35 pay grades to a fewer number. Currently organizations are using anywhere from 13 to 19 total pay grades. The new staff salary structure has 16 established pay grades. Because there are fewer grades, there is a greater separation between the grades. When there are promotional opportunities for staff employees, there is a more meaningful difference between the grades as you move from one grade to the next.

### **Why is the salary structure being implemented only at 80%?**

The economic climate and current budgetary constraints prevent the University from implementing the salary structure at 100%. In order to implement the new compensation

plan, we are not able to set the structure at market because it isn't financially possible to make the needed adjustments. The structure has been set below market at approximately 80% of market with the understanding that the structure will be reviewed as we go along and as the financial conditions improve. The University understands the structure needs to be readjusted in order to move closer to market. As part of the University's strategic plan the goal is to move the structure so by 2014 we are cutting into the competitiveness. Future adjustments will be based on available funds.

**Some of the salary ranges at the 80% structure are lower than the old salary ranges. Will jobs be posted at the minimum of the new salary range?**

Staff jobs will not be posted at a lower rate than previously posted.

**How many staff employees received an adjustment to the minimum of their new salary range?**

Approximately 160 staff employees.

**How many employees are above the maximum of their new salary range?**

Approximately 100 staff employees. No one's salary will be decreased as a result of this study.

**What about years of experience? It seems experience wasn't taken into account.**

That's a concern. If the University wasn't facing budgetary issues, in range adjustments would be another product of the compensation study. The university will be looking at experience in terms of possible future adjustments for staff employees with several years of experience who are low in their pay range. We would like to use experience and move employees with more experience further out into the range but in order to implement the new plan, the University can only raise employees to the minimum of the new pay range. Experience has to be set aside for now until financial issues improve.

**What do I do if my position has changed since I completed my PIQ in early 2008?**

If a job has changed significantly since the PIQ was completed (possibly due to reorganization or a position not being filled and duties reassigned), then the argument can be made to revisit the job to see where it will fall in the new structure. If the job has not changed significantly perhaps only modest changes since the employee completed the PIQ then it is unlikely modest changes will affect the classification and grade assignment. It is difficult to justify relooking at the job because the employee wrote, reviewed and signed the PIQ as well as their first and second level supervisor.

**Some didn't get questionnaires, how do I know my job was reviewed?**

A very high percentage of questionnaires were returned. Every questionnaire was reviewed and some were revisited a 2nd and 3rd time. If there was no questionnaire

Mercer referred to any existing information and sometimes had to make a judgment call based on the available information.

**Is there an appeal process if someone fell through the cracks or a job has significantly changed since the questionnaires were completed?**

The system is not set in stone. Positions can be reviewed and reassessed if something is missing or changed since the questionnaires were completed. It is highly unlikely things were missed in the questionnaire because two levels of management reviewed the questionnaires.

**Will salaries be reviewed annually?**

Yes. Mercer will continue to provide the market trend adjustments. The University will determine future adjustments based on future budgets.

**When can I review my job description?**

Job descriptions will be completed during the first quarter of 2010 and available to employees.

**Who do I contact if I have questions?**

Questions should be directed to your supervisor. If they are unable to answer the question, they are encouraged to contact Human Resources for assistance.

**I'm concerned that my title changed.**

We understand that people are sensitive about their job title. Every job was evaluated based upon the employee's duties and responsibilities. Revisions were made to some of the titles so they have a direct reflection to titles we typically see in the market place and to establish greater consistency with titles across campus. When reviewing the PIQs, jobs doing the same type of work were classified using the same title. There may be some instances within the university where there is a fair amount of outreach and it may make sense for that person to carry a more specific working title instead of the official title. A title should not be inflated or extend beyond the employee's responsibility. In some cases levels were reduced from I, II and III to only I and II. Employees might feel they were demoted when that is not the case.

**How will the University be able to make any salary adjustments with all of the required budget reductions?**

Using the money from the reallocations this past year, the University is able to implement the new compensation program. The only question is what the University will be able to do going forward.

**Was years of service at the University figured into salary ranges at all?**

When we analyzed all of the jobs, developed the classifications, titles and the grade assignments, it was based on the job, not the person in the job. Experience would normally come into play as part of the implementation – the first priority was to bring staff employees up to the minimum of their new pay grade and the 2nd priority, if possible, would be to set the salary at a point in the range that would recognize what each staff employee brings to the job. Due to the current financial situation we could not look at experience. For purposes of this implementation the only thing we're able to do is red flag anyone whose salary happens to be below the minimum, raise them to the minimum. The issue associated with experience will be addressed down the road when the financial situation improves.

**Have you identified those in the 2nd priority that might be eligible for adjustments?**

We haven't done any preliminary analysis at this time because from a costing stand point it isn't possible to make the adjustments. Down the road, if the financial picture changes, there will be an in depth examination to identify those employees and what they bring to the job.

**Who will be responsible for the follow up when funds become available for further compensation adjustments?**

No set person is responsible. The University is aware of where we need to be and will monitor the budget as we move forward. One of the strategic initiatives is to be competitive with our salaries in order to attract and retain faculty and staff. This will become a priority when the budget allows.

**With fewer classifications and pay grades the opportunity for promotion will be even more difficult.**

That's a concern that will be addressed soon. Significant changes will be required for a position to move to a different pay grade. The ranges are broader so there's more ability to move within the ranges. We will be looking at what opportunity there is for us to move staff employees within the ranges after meeting certain criteria which is yet to be defined.

**Isn't it difficult to assign the job title and salary grade to a position when the job description hasn't been completed?**

No. All of the information came from the 1200 PIQ's. The information from the PIQ's is being used to write the job descriptions as well.

**How is job experience figured into this? Are we assuming everyone is at the beginning of this classification?**

Yes.

**Will every new job classification be paid at the minimum of the new pay range unless already over the minimum?**

Yes, every position will be brought up to the minimum.

**Will future salary adjustments and increases be based on the PIQ's and not the cost of living and enrollment?**

No. The PIQ's will not impact future adjustments. The PIQ's were used for the purpose of this study to determine where your job fits within the grading structure. Mercer will supply information to the University relative to market movement and the University will evaluate the budget and determine what they can do to address market issues, standard increases, and in range adjustments.

**Will we have access to the new titles and salary grades?**

Yes. The information is on the Human Resources website.