Non-Academic Staff Compensation Structure & Administration

Leadership Presentation 2013
Goals for today

• Review UM’s philosophy and objectives for Administrative, Service and Support Staff compensation
• Status update on the Compensation Project; what is included and what is not
• Introduce terms, methodology and structure that will be used for Staff compensation
• Review roles of salary manager and how HR can help
• Provide an overview of salary administration guidelines
• Discuss next steps
• Answer your questions
What is the purpose of the project?

To establish an approach to the evaluation of each non-academic job family (Global Group) to ensure the university offers an externally competitive and internally equitable total rewards package at all university locations.

- Piloted in 2010
- Kicked off full project in 2011
- Implemented beginning in 2012
- Expanding to all campuses throughout 2013
Why is the project important?

This compensation project allows you and the university to **Recruit**, **Retain** and **Reward** valuable employees.
What is UM’s Compensation philosophy?

UM’s compensation is...

• Supportive of the university’s mission and objectives
• Fairly and consistently administered
• Internally equitable
• Externally competitive within the appropriate labor market and the higher education industry (comparison organizations to which we gain or lose employees)
• Performance-based
• Structured system-wide but flexible to fit campus/hospital strategic priorities
Compensation Objectives

External Competitiveness
- To align internal salaries to the competitive marketplace
- Define competitive pay for jobs of comparable value or grade

Internal Equity
- To understand the relative value of jobs to one another
- Ensure consistency in application

The hierarchy of jobs in the organization relative to:
- Responsibilities
- Skills required
- Impact of position
- Reporting relationship

A basis for communicating with employees that UM has:
- An equitable and market driven compensation system
- Clear paths for career progression
- A process for salary increases and promotions, managed on a fair and consistent basis
What is included in the project?

- Evaluates each position
- May change position titles
- Places evaluated positions within a salary range
- Creates updated position documentation
- Creates internal equity for salaries
- Creates external competitiveness for similar positions
What does the project NOT do?

- Reduce pay
- Change position duties
- Change the organizational structure
- Eliminate positions or cause layoffs
- Evaluate performance
Global Groups

The evaluation process has been completed for each Global Group across the organization:

• Administrative and Support Services
• Advancement
• Business Administration
• Communications
• Craft Service Maintenance
• Executive
• Information Technology
• Student Support Services
• Research and Engineering
Process Overview

• A nationally known evaluation tool called the Global Grading System (GGS) is used to evaluate jobs

• HR staff across all campuses have been certified in the use of GGS

• Positions are evaluated by a cross-campus group of GGS trained evaluators; then validated by a larger group of cross-campus HR staff for comparability and consistency

• Following evaluation and placement of a global group into the salary structure with titles, the global group is validated with managers who have employees in that group
Job Banding and Grading

Each **individual job** in the organization is evaluated.

Jobs are allocated to a **band** by applying a series of questions in a decision tree:
- Management
- Individual Contributor

Once banded, a **grade** is determined by seven factors:
- Functional knowledge
- Business expertise
- Leadership
- Problem solving
- Nature of impact
- Area of impact
- Interpersonal skills
Employees can develop along one of two career paths:

**Individual Contributor**
- Functional Knowledge
- Independence in applying professional expertise
- Role

**Supervisor or Manager**
- Type and level of positions supervised
- Influence upon functional or business strategy
- Role
How is the job level decided?

During the evaluation process, 7 specific job factors are assessed to determine the **level** of the job within each **role**:

- **Functional knowledge**
- **Business expertise**
- **Leadership**
- **Problem solving**
- **Nature of impact**
- **Area of impact**
- **Interpersonal skills**

- The **knowledge** required to perform the work
- The **expertise** in the job, the related areas affecting the job, and areas which the job affects
- The **leadership** required in the job
- The **independence** with which the job operates
- The **influence** of the job on other entities within the department, division and campus
- The **impact** of the job – both the type of impact and the scope of impact on the work team, department, division and campus
- The **interpersonal and communication skills** required
What if I disagree with the evaluation?

• If you believe a position has been placed incorrectly:
  - Make sure position documentation is up-to-date and that HR has the most recent description
  - Schedule an appointment with HR to review the evaluation of the job(s) in question

• Follow the process for requesting a re-evaluation of the job
What is the purpose of a salary structure?

There are several objectives for a salary structure:

- External competitiveness by defining the market and aligning internal salaries to the market
- Internal equity by aligning positions of common value and ensuring consistency
- Create a hierarchy of jobs in the organization
- Serve as a basis for communicating to employees how salary is determined, a path for career development and a process for increases and promotions
- Allow managers to reward employee growth and development
## GGS Salary Structure

<table>
<thead>
<tr>
<th>Grade</th>
<th>Min</th>
<th>Mid</th>
<th>Max</th>
</tr>
</thead>
<tbody>
<tr>
<td>16</td>
<td>$108,300</td>
<td>$176,000</td>
<td>$243,600</td>
</tr>
<tr>
<td>15</td>
<td>$97,800</td>
<td>$146,600</td>
<td>$195,500</td>
</tr>
<tr>
<td>14</td>
<td>$81,400</td>
<td>$122,200</td>
<td>$162,900</td>
</tr>
<tr>
<td>13</td>
<td>$70,200</td>
<td>$101,800</td>
<td>$133,400</td>
</tr>
<tr>
<td>12</td>
<td>$60,600</td>
<td>$84,900</td>
<td>$109,100</td>
</tr>
<tr>
<td>11</td>
<td>$52,400</td>
<td>$70,700</td>
<td>$89,100</td>
</tr>
<tr>
<td>10</td>
<td>$45,600</td>
<td>$61,500</td>
<td>$77,500</td>
</tr>
<tr>
<td>9</td>
<td>$39,600</td>
<td>$53,500</td>
<td>$67,400</td>
</tr>
<tr>
<td>8</td>
<td>$34,400</td>
<td>$46,500</td>
<td>$58,600</td>
</tr>
<tr>
<td>7</td>
<td>$31,100</td>
<td>$40,500</td>
<td>$49,700</td>
</tr>
<tr>
<td>6</td>
<td>$27,000</td>
<td>$35,200</td>
<td>$43,300</td>
</tr>
<tr>
<td>5</td>
<td>$23,500</td>
<td>$30,600</td>
<td>$37,600</td>
</tr>
<tr>
<td>4</td>
<td>$21,300</td>
<td>$26,600</td>
<td>$32,000</td>
</tr>
<tr>
<td>3</td>
<td>$18,500</td>
<td>$23,200</td>
<td>$27,800</td>
</tr>
<tr>
<td>2</td>
<td>$16,800</td>
<td>$20,700</td>
<td>$24,400</td>
</tr>
<tr>
<td>1</td>
<td>$15,700</td>
<td>$18,500</td>
<td>$21,200</td>
</tr>
</tbody>
</table>
How do jobs fit in the structure?

After establishing a career path and determining the role within that path, a **grade** will be assigned based on the job level within that role.
How does the salary range work?

**Salary Range:** a market-based compensation range with a minimum, midpoint and maximum salary

- **MINIMUM**
  - Employees with little or no experience

- **MIDPOINT**
  - Seasoned, well-performing employees. The midpoint is the “market rate” for the job

- **MAXIMUM**
  - Top-performing employees; the most we pay for a particular job
## 2013 Salary Structure*

<table>
<thead>
<tr>
<th>Grade</th>
<th>Min</th>
<th>Mid</th>
<th>Max</th>
<th>Range Spread</th>
</tr>
</thead>
<tbody>
<tr>
<td>16</td>
<td>$108,300</td>
<td>$176,000</td>
<td>$243,600</td>
<td>125%</td>
</tr>
<tr>
<td>15</td>
<td>$97,800</td>
<td>$146,600</td>
<td>$195,500</td>
<td>100%</td>
</tr>
<tr>
<td>14</td>
<td>$81,400</td>
<td>$122,200</td>
<td>$162,900</td>
<td>100%</td>
</tr>
<tr>
<td>13</td>
<td>$70,200</td>
<td>$101,800</td>
<td>$133,400</td>
<td>90%</td>
</tr>
<tr>
<td>12</td>
<td>$60,600</td>
<td>$84,900</td>
<td>$109,100</td>
<td>80%</td>
</tr>
<tr>
<td>11</td>
<td>$52,400</td>
<td>$70,700</td>
<td>$89,100</td>
<td>70%</td>
</tr>
<tr>
<td>10</td>
<td>$45,600</td>
<td>$61,500</td>
<td>$77,500</td>
<td>70%</td>
</tr>
<tr>
<td>9</td>
<td>$39,600</td>
<td>$53,500</td>
<td>$67,400</td>
<td>70%</td>
</tr>
<tr>
<td>8</td>
<td>$34,400</td>
<td>$46,500</td>
<td>$58,600</td>
<td>70%</td>
</tr>
<tr>
<td>7</td>
<td>$31,100</td>
<td>$40,500</td>
<td>$49,700</td>
<td>60%</td>
</tr>
<tr>
<td>6</td>
<td>$27,000</td>
<td>$35,200</td>
<td>$43,300</td>
<td>60%</td>
</tr>
<tr>
<td>5</td>
<td>$23,500</td>
<td>$30,600</td>
<td>$37,600</td>
<td>60%</td>
</tr>
<tr>
<td>4</td>
<td>$21,300</td>
<td>$26,600</td>
<td>$32,000</td>
<td>50%</td>
</tr>
<tr>
<td>3</td>
<td>$18,500</td>
<td>$23,200</td>
<td>$27,800</td>
<td>50%</td>
</tr>
<tr>
<td>2</td>
<td>$16,800</td>
<td>$20,700</td>
<td>$24,400</td>
<td>45%</td>
</tr>
<tr>
<td>1</td>
<td>$15,700</td>
<td>$18,500</td>
<td>$21,200</td>
<td>35%</td>
</tr>
</tbody>
</table>

*Does not include Executive Broad Bands*
How is the salary structure maintained?

- Salary structure is assessed about every two years
  - The structure is adjusted according to the program objectives and the university’s ability to make the adjustment
- Benchmark positions are used to test the structure
  - A benchmark position can be matched to a similar position in the external market
- External market data is used for comparison
  - “The Market” is defined as the areas from which the university competes for employees
- Range adjustment
  - Ranges may be adjusted if there is evidence that the university structure has fallen behind the external market
  - Range adjustment may or may not impact employee pay
What is my role as a leader and salary manager?

• Communicate the salary program to employees
• Monitor duties and responsibilities to identify significant changes
• Maintain updated position documentation (job descriptions)
• Forward information on significant changes and/or updated position documentation to HR
• Establish, assess and communicate performance requirements
• Encourage and provide opportunities for employees to develop their skills
• Be familiar with HR compensation policies, CRR 320.010, and other compensation reference tools
• Alert HR about unique compensation issues
How can HR help?

- Develop and maintain up-to-date system and structures
- Monitor the market to ensure the compensation program remains competitive
- Audit a representative sample of position documentation each year to ensure descriptions remain up to date
- Assist leaders in evaluating employee career growth
- Assist leaders in understanding and communicating the university’s compensation program
- Provide information, training and related tools to help leaders make salary decisions
- Partner with leaders to overcome compensation obstacles
Salary Administrative Guidelines

- **New Hire rates**
  - All employees should be paid within their applicable salary grade

- **Movement within the range**
  - Progression over time is expected
    - When employees develop position-related skills
    - When employees become fully functional in their position

- **Re-evaluation**
  - Requests may be made when position has significant changes
Salary adjustments

- **Merit increase** – Annual consideration for increase based on employee’s performance, evaluation and department budget
  - Lump Sum award may be considered for employees whose salary is at or over maximum of salary range, no base pay increase

- **Market adjustments**
  - When comparative market changes
  - When position becomes a ‘hot job’

- **Equity adjustments**
  - Aligns incumbent’s salary with like positions on campus or within units
Salary adjustments

- **Promotion** – When an employee moves to a new position in a higher grade
  - Salary increases are based on qualifications, market and internal equity considerations
  - Salary increases should not exceed maximum of the range and are typically between the minimum and midpoint

- **Lateral transfer** – When an employee moves to a similar but different position with comparable responsibility in the same grade
  - Same grade, similar content/tasks = no increase in base pay
  - Same grade, significant change in content/tasks = possible base pay increase
  - Lateral transfers may be useful for skill and career development
Salary adjustments

• **Demotion** – When an employee moves into a position in a lower grade by employee’s choice, performance-based or due to organizational change
  - When salary range in new position is lower, the employee moves to the lower range but no lower than the minimum of that range
  - When the employee’s salary exceeds the maximum of the new position’s range, then their salary is frozen or reduced until it moves back into the new position’s range
  - Review the Administrative Considerations and Guidelines prior to demoting an employee, available through System Compensation
Special Pay Adjustments

• Extra compensation
  ➢ May be granted in accordance with HR 214
    ▪ Overload of assignments in addition to regular workload
    ▪ Does not count toward retirement program

• Prior to making adjustments, consult with System Compensation
Special Pay Adjustments

Temporary pay increase – When a critical position needs to be filled immediately but on a temporary basis

- Employees may be:
  - Temporarily assigned to a vacant position (interim)
  - Assigned some or all of the responsibilities of another position for an extended period of time
  - Assigned duties clearly outside the scope of an employee’s regular position responsibilities

- Responsibility should be:
  - Clearly differentiated from the duties normally performed by the employee
  - Not expected to be permanently assigned to the position
  - Performed for more than thirty (30) days, but not more than nine (9) months

Prior to making adjustments, consult with System Compensation
Human Resource Contacts

Erik Smetana
Senior Compensation Analyst
573-882-9921

Bertt Matthews
Director of Compensation
573-884-4220

Jane Allen
Senior HR Specialist
816-235-6670

Human Resources
573-882-7976

Human Resources
573-341-4241

Tara VanDeVoorde
Senior HR Specialist
314-516-5258

Health Care
University of Missouri Health System

Human Resource Contacts
What do I need to remember?

• Project only impacts non-academic positions
• Every position has been evaluated
• Creates a visibility and transparency that will help address compensation issues over time
• Ensures compensation is consistent and equitable
• Position titles may change
• The project is not being done to impact salary; however,
  ➢ It could increase salary for employees below the minimum of the new range
  ➢ Will not decrease salary
• Staffing levels and budgets are not a part of the project
• Performance assessment is not a part of the evaluation process
• Employees will be able to identify a career path