

Non-Academic Staff Compensation Structure & Administration



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REWARDS

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

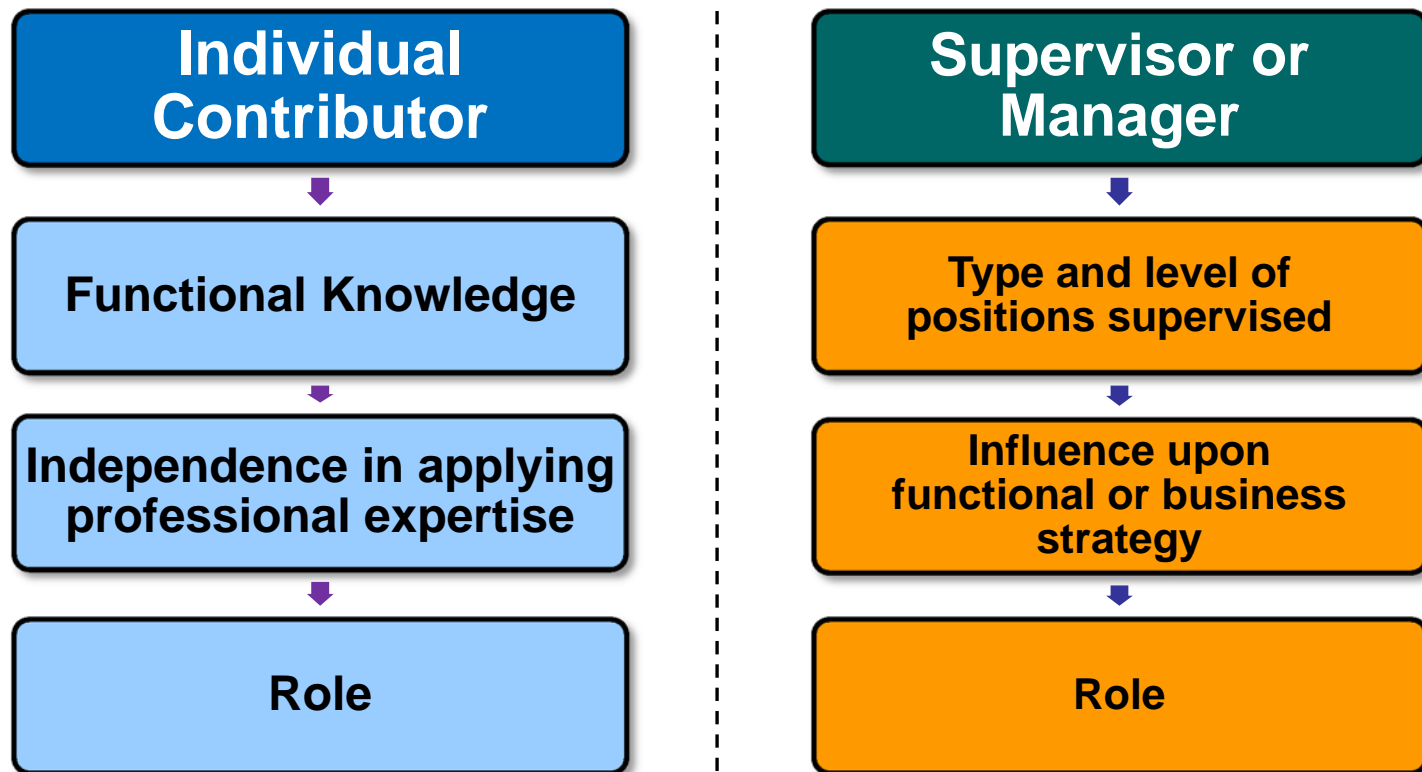
- Management
- Individual Contributor

Once banded, a **grade** is determined by seven factors:

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

Job Banding

Employees can develop along one of two career paths:



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:

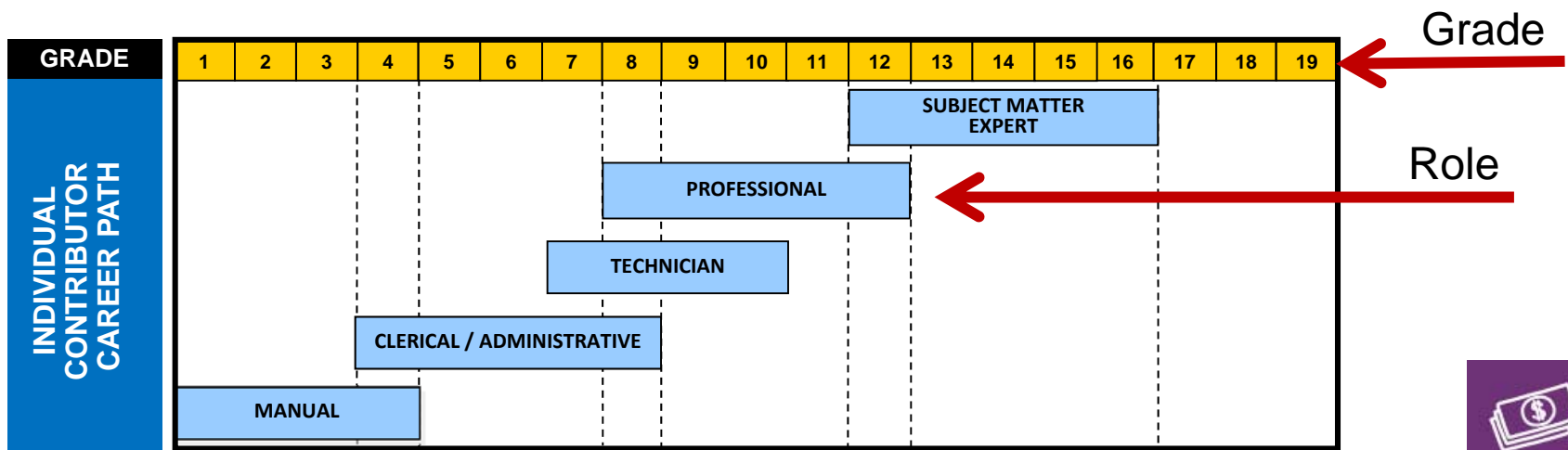
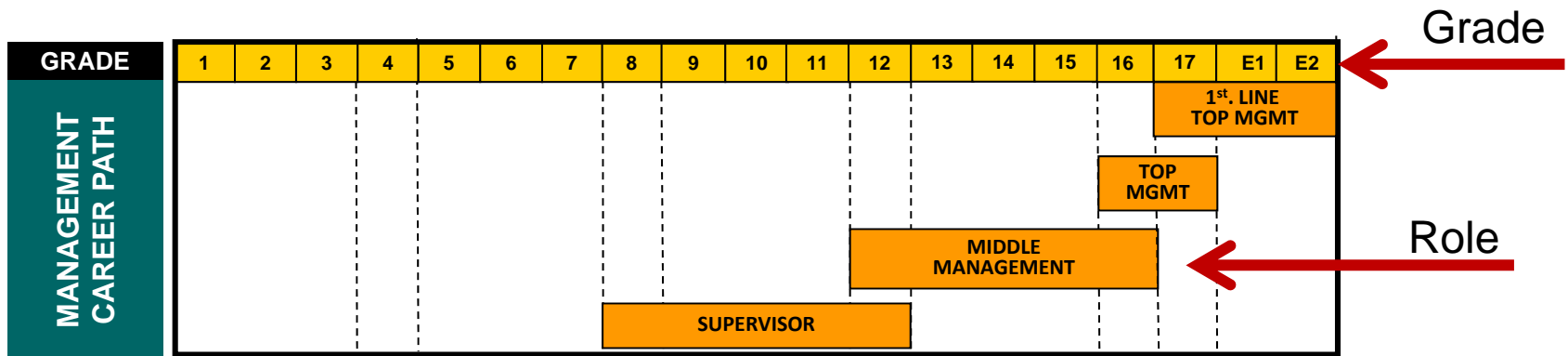
- External competitiveness by defining the market and aligning internal salaries to the market
- Internal equity by aligning positions of common value and ensuring consistency
- Create a hierarchy of jobs in the organization
- Serve as a basis for communicating to employees how salary is determined,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

GGG Salary Structure

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

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*

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

*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



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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

