P&S Council Seminar Series:

P&S Classification and Compensation Review

Market Pay

March 13, 2018
Goals & Outcomes of P&S C/C Review

**Primary Goal:** Review current P&S jobs and pay practices in order to design a new, market-driven structure and pay philosophy that enables the attraction, retention, and reward of P&S employees at Iowa State that is aligned with our mission, and is fair and compliant.

**Expected Outcomes:**

- Create and establish a University-wide Compensation philosophy for P&S staff;
- Develop defined job categories and job families for P&S jobs and establish alignment with FLSA and EEO/SOC regulations;
- Develop a defined P&S pay structure (including a nonexempt pay structure) that balances market, fairness, and performance;
- Develop defined pay administration policies and practices to maintain a modern and competitive pay program; and
- Provide a framework to better define pathways for P&S career development.
Updating the P&S Class/Comp System

Process Overview (timing June 2017 to October 2018)*

Job Review
- Assessing type of work being performed by each position (JPT)

Job Documentation
- Written job description for each unique role

Market Pricing
- What does the external market pay?

Pay Structure
- Market based compensation ranges

Job Evaluation
- Place benchmark jobs in ranges
- Slot non-benchmark jobs
- Confirm employee alignment to appropriate job

Pay Delivery
- Guidelines which support consistent administration
- Merit increases
- Promotions
- Market adjustments
- Job family progression

*Implementation date pending in consideration with the opportunity to sync with Workday
Why Use a Market-based Pay Structure

• Market pricing is an approach to establish an externally competitive compensation structure
• Creation of pay grades through a market-based approach allows for externally competitive pay while adjusting for internal alignment as needed
• The advantages of using market-based pay include:
  • Objective standard (market data) to establish pay grades
  • Allows for pay grades that are competitive with the local market for attraction and retention
  • Accurately reflects the relative “market value” of a job
  • Allows for consistent maintenance
Building a Market-Based Pay Structure

1. Identify and document jobs:
   - Main features of the job
   - Education, experience, licensing requirements, etc.
   - Reporting relationships

2. Identify benchmark jobs:
   - Utilize third party, reputable salary surveys that:
     - Adequately cover our industry (i.e. higher education)
     - Organizational type (large, small)
     - Geography (i.e. our labor market)
     - Goal is to benchmark as many jobs as possible

3. Build pay grades utilizing salary data (median)

4. Assign each job to pay grade; pay grades group jobs that have approximately the same relative market value
Iowa State University Market

- Natural Competitive Set:
  - Higher Education
  - Not-for-Profit
  - Industry
- Large, public institution
- Geography
  - National
  - Regional – approximately 250 – 300 mile radius
  - Local – immediate hiring area for ISU (commutable distance)
- Target is the market average for jobs
  - Market Average is reflective of the median for base pay
Considerations for ISU’s Market

- Reflective of the majority of current P&S jobs
- Reflective of the market for our “natural competitive” set – most of our P&S staff come from higher education or industry
- Current data on hiring practices confirms geography
- Median is an appropriate marker for average base pay at ISU
  - Other factors such as benefits attract people to ISU
  - Geographic differential of labor cost indicates median is sufficiently competitive to attract and retain talent
# ISU Competitive Matrix for P&S Jobs

<table>
<thead>
<tr>
<th>Professional &amp; Scientific Groups</th>
<th>Industry</th>
<th>Geography</th>
<th>Base Pay</th>
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<tbody>
<tr>
<td>University Specific</td>
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<tr>
<td>• Academic Affairs</td>
<td>Higher Education</td>
<td>Regional</td>
<td>Median</td>
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<tr>
<td>• Athletics</td>
<td></td>
<td>National</td>
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<tr>
<td>• Resident Life</td>
<td>Higher Education</td>
<td>Regional</td>
<td>Median</td>
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<tr>
<td>• Student Services</td>
<td>Not for Profit</td>
<td>National</td>
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<td>• Development</td>
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<tr>
<td>• Field Science</td>
<td>Higher Education</td>
<td>Regional</td>
<td>Median</td>
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<tr>
<td>• Government &amp; External Affairs</td>
<td>Not for Profit</td>
<td>National</td>
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<td>• Libraries</td>
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<tr>
<td>• Public Safety</td>
<td>Higher Education</td>
<td>Regional</td>
<td>Median</td>
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<tr>
<td>Research/Technical</td>
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<tr>
<td>• Science/Research Professionals</td>
<td>Higher Education</td>
<td>National</td>
<td>Median</td>
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<tr>
<td>• Technical Directors and Above</td>
<td>Hancock Research Labs</td>
<td>Regional</td>
<td>Median</td>
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<tr>
<td>• Technical (Engineering, Lab, Information Technology, Technical Extension Roles)</td>
<td>Higher Education</td>
<td>Regional</td>
<td>Median</td>
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<tr>
<td>Functional Roles</td>
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<tr>
<td>• Business/ Administrative Directors and above</td>
<td>Higher Education</td>
<td>National</td>
<td>Median</td>
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<tr>
<td>• Business/ Administrative Managers and Professionals (e.g., Finance, Human Resources, Legal, Marketing, Programmatic)</td>
<td>Higher Education</td>
<td>Regional</td>
<td>Median</td>
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<tr>
<td>• Dining Services</td>
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<td>Local</td>
<td>Median</td>
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<tr>
<td>• Facilities</td>
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*General industry for science and research roles includes regionally present agri-business and bio-science companies.*
Maintenance of the Structure

- Pay Structure will be evaluated yearly or every other year to remain competitive
- Pay grades will be adjusted utilizing trends in market data and budgetary considerations
- Job titles will also be evaluated on a cyclical basis to ensure they are current with market benchmarks
Questions?

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