Professional & Scientific
Compensation Guidelines
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**PURPOSE AND PHILOSOPHY STATEMENTS**

**Compensation Philosophy**

Iowa State University strives to maintain a compensation and salary structure policy for P&S employees that is:

- Compatible with the university's mission and strategic plan
- Compatible with the institution's culture and core values
- Equitable externally and internally
- Effective in recruiting and retaining P&S employees

The university endeavors to cultivate a rewarding and productive work environment through the selection and retention of a highly qualified, talented, and diverse workforce, and the provision of opportunities to experience growth and advancement. The university regards regular communication with and among employees and managers as necessary to promote understanding of effective performance management and compensation.

**Compensation Structure**

P&S compensation shall reflect a market-based compensation structure. Job profiles will be placed into the compensation structure based on the market with due consideration for internal equity. External competitiveness and internal equity are considered equally important.

The compensation structure is designed to align P&S job profile midpoints with market median base salaries, on average. The structure emphasizes the market for a job is a range, not a single point. The P&S compensation structure is designed to represent the external market, and the compensation ranges align with the range of pay in the market. Each P&S pay grade at ISU represents a “range of pay opportunity” for the job profiles assigned to that grade. Pay for all P&S staff shall be within the pay grades, which are assigned to each job profile.

**ROLES AND RESPONSIBILITIES**

**Managers**

Managers will play an important role in administering employment decisions with consideration for the University's EEO statement and commitment to equal opportunity and non-discrimination in all employment decisions. They are also responsible for adhering to all relevant employment regulations, policies, practices, and these guidelines in their employment decisions.

**Employees**

Employees are responsible for discussing their interest in career progression, development opportunities, promotions, and transfers with their manager or HR Delivery representative. Employees are encouraged to discuss any questions about job profiles, compensation or pay with their manager. Any employee who has a concern about career progression, development opportunities, promotions, and transfers should contact their HR Delivery Team. If the employee feels that they have been discriminated against, they should contact the Office of Equal Opportunity at eooffice@mail.iastate.edu.

**University Human Resources (UHR) Classification and Compensation**

University Human Resources Classification and Compensation is responsible for the development, oversight, and maintenance of the Professional and Scientific compensation structure in accordance with established University Policy, Affirmative Action Plan, EEO guidelines, State of Iowa Board of Regent’s policies, and other relevant state and federal regulations. Additionally, UHR Class/Comp is responsible for developing compensation guidelines and procedures related to hiring, employee movement, and salary adjustments.
HR Service Delivery Team

HR Service Delivery Teams, consisting of Senior HR Partners, HR Partners, HR Coordinators and Staff Recruiting Specialists, are responsible for providing front line advice and support to senior leaders, managers, and employees. The HR Service Delivery Team is responsible for administering compensation for the university community specific to hiring, employee movement, and salary adjustments in accordance with established University Policy, Affirmative Action Plan, EEO guidelines, State of Iowa Board of Regent’s policies, and other relevant state and federal regulations.

P&S Compensation Structure

Definitions

Compensation Philosophy

An organization’s compensation philosophy statement creates a framework for compensation programs that support an organization’s culture, business strategy, and objectives. ISU’s compensation philosophy is focused on providing a fair and competitive compensation program for all P&S employees.

Compensation Strategy

A compensation strategy is a group of principles that guide design, implementation and administration of a compensation program at an organization. The strategy ensures that a compensation program, consisting of both salary and rewards, supports an organization’s mission, goals and business objectives. It may also specify what programs will be used and how they will be administered.

Pay Grade

A pay grade is one of the classes, levels or groups into which jobs of the same or similar value are grouped for compensation purposes. Each P&S pay grade at ISU represents a “range of pay opportunity” for the job profiles assigned to that grade.

Benchmark Job

A benchmark job is a job that is commonly found and defined and is used to make pay comparisons, either within the organization or to comparable jobs outside the organization.

Market

Market is where the university competes for talent, which may consider a combination of the following factors:

- Geography (i.e., local, regional, national, international)
- Industry
- Education, Experience and Licensing or Certification Requirements
- Function or Occupation

Market Pricing

Market pricing is an approach to establish an externally competitive compensation structure. Relative to compensation, the technique of creating a job worth hierarchy based on the "going rate" for benchmark jobs in the market(s) relevant to the organization.

Red Circle

A P&S employee whose base salary is equal to or exceeds the maximum of the job profile’s (i.e. classification) assigned pay grade will be considered to be “red circled.” Red-circled P&S employees will not be eligible for a base salary increase until the base salary falls within the assigned pay grade as a result of regular adjustments to the salary structure, or due to movement into a classification with a higher pay grade.
Green Circle
A P&S employee whose base salary is below the minimum of the job profile's (i.e. classification) assigned pay grade will be considered to be “green circled”. Generally, employees who are green circled will be prioritized for base salary increases that would bring their compensation into the pay grade associated with the assigned classification.

Positioning Compensation to Market
To determine compensation opportunities, ISU will consider both the external market values and the relative internal values of P&S job profiles. External competitiveness and internal equity are considered equally important. The placement of job profiles into the compensation structure is a balance of both external and internal equity considerations.

The P&S job structure is designed to align P&S job profile midpoints with market median base salaries, on average. ISU will emphasize the market for a job is a range, not a single point. The P&S job structure is designed to represent the external market, and the pay grades align with the range of pay in the market. Another way to think of it is each P&S pay grade at ISU represents a “range of pay opportunity” for the job profiles assigned to that grade.

Compensation Philosophy & Structure

Compensation Philosophy
Iowa State University strives to maintain a compensation and salary structure policy for P&S employees that is:

- Compatible with the university's mission and strategic plan
- Compatible with the institution's culture and core values
- Equitable externally and internally
- Effective in recruiting and retaining employees

Per the Compensation and Salary Structure – P&S Policy, Iowa State University will provide fair and competitive compensation packages to recognize and reward its P&S employees within the boundaries of financial feasibility. The university will regularly assess compensation levels for market comparables and will conduct salary surveys to periodically adjust the salary structure and pay ranges to remain competitive.

The P&S Compensation Structure shall reflect a market-based salary structure. P&S job profiles will be placed into the compensation structure based on the market with due consideration for internal equity. ISU intends to pay all P&S staff within the pay grades.

Any P&S employee whose base pay is at or above the pay grade maximum will be “red circled” and will not be eligible for further base pay increases as long as the compensation structure maximum for that pay grade is less than their base salary.

Any P&S employee paid below the pay grade minimum will be considered “green circled”. ISU will move P&S employees below the minimum pay grade to the minimum salary in that pay grade as soon as is feasible as determined by ISU’s Senior Leadership Team based upon budgets and other considerations.

For more information, please read the Compensation and Salary Structure – P&S policy.

Market Analyses and Compensation Structure Maintenance
The compensation structure will be reviewed annually by UHR to determine whether a pay grade adjustment is needed or if a job profile needs to move to a different pay grade. Adjustments will be applied based on reputable, third party market data and ISU's financial position. The competitiveness of the compensation structure may also be considered.

ISU will apply any compensation structure adjustment during the same time frame as annual compensation increases are given. Compensation increases will be applied prior to the compensation structure adjustment to minimize the need for “to minimum” increases to P&S employee pay levels and to reduce compensation compression.
When appropriate, UHR may market price one or more job profiles on an ad-hoc basis to determine whether external labor pressures warrant changing the current pay grade assignments and whether out-of-cycle market adjustments to individual salary levels are needed. UHR Classification and Compensation handle requests for market studies.

Key benchmark job profiles may be compared to the market on an annual basis. Key benchmarks will be selected based upon market pressures, number of incumbents, and overall representation of job profiles across the University. It is expected that a more thorough review of all job profiles will occur at least every two to three years.

UHR will participate in compensation surveys on a regular, ongoing basis. UHR will only participate in compensation surveys conducted by reputable third parties and those where the data are submitted by human resources departments.

**Compensation Administration and Pay Delivery**

Each pay grade range in the ISU compensation structure will be divided into thirds, as follows:

- **The first third is considered the appropriate range for P&S employees who are developing and becoming proficient in their jobs.**
- **The middle third is considered the appropriate range for P&S employees who are fully proficient in their jobs and who consistently meet performance expectations.**
- **The top third is considered the appropriate range for highly skilled and consistently high performing P&S employees. Employees in this top third typically have substantial time in position and demonstrate sustained high performance.**

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<thead>
<tr>
<th>Developing/Becoming Proficient in Level</th>
<th>Fully Proficient in Level, Sustained Solid Performance</th>
<th>Highly Proficient in Level, Sustained High Performance</th>
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<tr>
<td>First Third</td>
<td>Middle Third</td>
<td>Top Third</td>
</tr>
<tr>
<td>Minimum</td>
<td>Midpoint</td>
<td>Maximum</td>
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More specifics related to each portion of a pay grade are provided below:

- **First Third:** Employees whose salary falls within the first third of a pay grade may include those with minimal or little previous experience in their job, up to those with a few years of experience who are expected to continue developing – this could be that an individual is newly hired into the job or has been recently promoted. Per the Starting Rate of Pay – P&S policy, managers are expected to hire candidates into the first third of the pay grade with no additional approval required.

- **Middle Third:** The middle third is considered the range for mid-career P&S employees who are more experienced and expected to be able to contribute at a fully proficient level within their current position. Managers should seek guidance from their HR Representative to hire within the middle third of the compensation range; approval from UHR Classification and Compensation will be required above the first third of the range.

- **Top Third:** The top third is typically reserved for highly skilled and consistently high performing P&S employees. Employees in this third usually have substantial time in position and demonstrate sustained high performance. As such, the top third should not be considered as a hiring range. Approval from UHR Classification and Compensation is required to hire within the top third of a pay grade.

**Compensation Guidelines Specific to Hiring**

The first third of the pay grade is considered the appropriate range of pay for candidates who would be working to become proficient in their jobs. When candidates possess the minimum requirements of a job or may exceed those requirements to some degree, the first third is often the appropriate hiring range.
However, the middle third of the pay grade may be more appropriate when considering an experienced, mid-career candidate. Such a candidate would be expected to be able to quickly assimilate within 3 to 9 months and consistently meet performance expectations.

In establishing hiring salary, consideration should be given to the resulting position in the pay grade of the new hire. It is important to consider the compensation levels of similarly qualified and/or more experienced P&S employees in the same job at ISU. What should not be considered is the salary of a previous incumbent as the previous incumbent likely had different qualifications or tenure at ISU.

In summary, the following factors shall be considered in determining new hire salaries:

- Compensation range of the position, the new hire’s reasonable salary expectations, and the position in range,
- Salaries paid to other incumbents in the same position, both within the hiring department and across ISU, and
- Qualifications of the candidate versus qualifications of incumbents in the same position in the hiring department and across ISU.

**Compensation Increases (Annual Review Process)**

Each year, ISU will determine its ability to provide annual compensation increases. The annual compensation adjustment parameters will be based on market trends and ISU’s financial position. ISU’s overall level of compensation market competitiveness may also be considered.

Eligibility for compensation increases is limited to those who are employed and in good standing on the date the compensation increases are effective. A P&S employee who is rated unsatisfactory or is on corrective action or a written performance improvement plan may not be eligible for a compensation increase.

**Proration**

Newly hired P&S employees are eligible to receive an increase provided they have worked at least three months prior to the effective date of the compensation increases. Compensation increases will be prorated to reflect the months worked since the previous compensation increase date. Any partial month worked will be counted as a month worked.

**Staff Paid Over Pay Grade Maximums**

A P&S employee whose current pay is at or above the pay grade maximum will not be eligible for a compensation increase.

Per policy, any P&S employee whose salary exceeds the pay grade maximum of their assigned grade will be considered to be “red circled.” Red-circled P&S employees will not be eligible for a base salary increase until their base salary falls within the assigned pay grade as a result of regular adjustments to the compensation structure.

Red-circled P&S employees may be eligible to receive lump sum salary increases, provided their individual performance levels meet expectations. A lump sum payment will be paid out on the same date as the compensation increases are effective; however, the lump sum payment will not be applied to base salary. It will be a one-time lump sum payment only. The employee’s base salary will not change.

A lump sum salary increase will be calculated as the salary increase times the annual rate of pay. For example, if a P&S employee whose base salary is $40,000 receives a lump sum salary increase of 2%, a lump sum payment in the amount of $800 will be made.

Special considerations will apply for P&S employees whose current salaries are at or near pay grade maximums. No increase should take the new salary above the maximum of the pay grade; however, a lump sum payment may be granted for the amount of the increase which would take the employee above the maximum of the pay grade range.
For example, a P&S employee’s current salary is $41,000, the increase is $1,000 and the pay grade maximum is $41,201. The employee’s salary will increase to $41,201, the maximum of the pay grade range. A lump sum of $799, calculated as $41,000 plus $1,000 minus $41,201, will be paid, provided the lump sum is approved.

Leaves of Absence
A P&S employee on a continuous leave of absence (LOA) may not be eligible for a compensation increase, however, the increase may be considered upon their return to work. In these situations, the compensation increase will be effective on the date of return.

Salary Adjustments and One-Time Payments
An out-of-cycle compensation adjustment will be considered for one of three reasons: market, equity, or retention (exceptional). Out-of-cycle compensation adjustments will not be made as part of the annual review process, which is intended to reward performance.

Market Adjustments
An out-of-cycle market compensation adjustment may be considered for an individual when the market for a job has increased so substantially as to warrant an out-of-cycle market adjustment, for example, when labor pressures create attraction and/or retention issues for the job at ISU. The salary of employee(s) impacted by the market inequity would then be reviewed to determine eligibility for a compensation adjustment.

In making this determination, the following factors should be considered:

- The position in pay grade for the employee’s compensation. If salary is at or above the midpoint of the new pay grade range, then a P&S employee is not typically considered for a compensation increase based on pay delivery guidelines provided above (i.e. first, middle, top thirds).
- The employee’s experience and qualifications in relation to the market.
- Performance of the affected employee. An employee’s performance must meet expectations to receive an increase.

Approval from the UHR Classification and Compensation is required for out-of-cycle market compensation adjustments.

Equity Adjustments
An out-of-cycle equity compensation adjustment may be considered when promotion salaries or new hire salaries are considerably greater than the salaries of existing employees within a job profile. When this occurs, the salary of an employee(s) may be reviewed to determine whether out-of-cycle equity compensation adjustment will be provided to existing employee(s).

In making this determination, the following factors should be considered:

- The position in range for each employee’s salary. If salary is at or above the midpoint of the new pay grade range, then a P&S employee is not typically considered for an equity increase, based on pay delivery guidelines provided above (i.e. first, middle, top thirds).
- The employee’s experience and qualifications in relation to others in the job profile.
- Performance of the affected employees. An employee’s performance must meet expectations to receive an equity compensation increase.

Approval from UHR Classification and Compensation is required for out-of-cycle equity compensation adjustments.

Retention Adjustments
A retention adjustment will be considered when attraction and/or retention issues for a job profile are substantial, and any additional unfilled positions present a substantial adverse impact to critical business operations or to a major
project. Additionally, retention adjustments will only be considered when an employee has presented an offer from another employer that can be verified. Retention adjustments for moves within the university will not be considered. Retention adjustments will be dependent on the employee’s position in the current pay grade. The amount being offered for the new position will only be considered if it is equivalent to the employee's current position. Retention adjustments for promotional opportunities will not be considered equivalent. If an employee has received a retention adjustment, they may not receive another retention adjustment for at least 12 months.

Retention compensation increases are considered exceptional and require approval by UHR Classification and Compensation.

**One-Time Payment Awards**

One-time payment awards may occur for extra-meritorious performance. They may also occur as additional compensation for P&S employees who provide additional services to the university that fall significantly outside the realm of their normally assigned Job Profile and Position Description and Responsibilities (PDR) and/or duties, such as, for example, teaching performed by P&S employees.

Extra-meritorious performance awards will be defined by major administrative units and must meet well-defined and strict guidelines for outstanding or performance of a specific accomplishment that is beyond normal expectations.

One-Time Payment compensation is dependent on the type of payment being given.

**Interim Assignments**

*Interim Assignments occur when a P&S employee is asked to perform all of the duties of a vacant position on a time limited basis.*

Interim assignments are typically three (3) to eighteen (18) months in length. Assignments should not exceed eighteen (18) months except in exceptional circumstances which require documentation and University Human Resources approval.

Approval to initiate a P&S employee on an interim assignment follows the appointing authority guidelines and the employee should be provided compensation consideration.

- P&S employees performing interim duties for a lateral vacancy (same paygrade) can receive no more than a 3% increase to their base pay
- P&S employees performing interim duties for a promotional vacancy (higher paygrade) may receive an increase to their base salary as follows
  - One-grade above current acting appointment increases should range from 6%-10%
  - Two-grades (or more) above current acting appointment increases should range from 12%-18%

At the end of an interim assignment, the P&S employee’s salary and position title will revert to their former appointment. Any compensation increases that the employee would have received in their former appointment will be included when determining their salary at the end of this interim appointment.