# Compensation Conversation – Guide for Managers

## WHAT STAYS THE SAME
- Employee’s job responsibilities
- Employee’s pay
- Your role as their manager
- Job profile – compensation alone is not rationale for changing a job profile at this time.

## BEFORE CONVERSATION
- Familiarize yourself with the Classification and Compensation Review Project
  - Visit the [Class/Comp Review Project website](#)
  - Review and share resources
  - Review P&S Compensation Guidelines
- Review employee’s new pay grade and their position within the pay grade

## AFTER CONVERSATION
- Encourage employee to visit the [Class/Comp Review website](#)
- Share compensation resources
- If you still have concerns, contact your HR Delivery team

## SAMPLE CONVERSATION OUTLINE
*Utilize this template to frame your conversation based on the employee’s position within the pay grade:*
- Appreciation for employee’s contributions
- Discuss new market-based compensation structure
- Review employee’s position in the new pay grade
- Open the door for future growth opportunities
- **NOTE** – The Class/Comp Review Project is a market study, there is no obligation to make salary adjustments unless an employee’s salary is below minimum of pay grade

## COMPENSATION TALKING POINTS
- Make clear how much you value the employee and their contributions
- Engage with the employee and confirm their pay grade information
- Focus on what the employee can control (career progression, career aspirations)
- When an employee’s salary falls below the minimum of the pay grade:
  - Review Green Circle policy statement and compensation guidelines to understand the university’s stance on compliance to pay grade ranges
  - Salary must be adjusted to *at least* the minimum of the pay grade by 10/1/2021
- When an employee’s salary is within the first third of the pay grade:
  - Is position in the pay grade valid based on experience, proficiency, skills, etc.?
  - How did the job profile selected affect position in pay grade (leveled up)?
  - Salary adjustments are not a priority, however, would budget be available?
- When an employee’s salary is in the top third of the pay grade:
  - Is the position in range valid based on experience, proficiency, skills, etc.?
  - Is this position really a higher level? Does the organization need a higher level? Would promotion be possible in the future?
- When an employee’s salary is over the maximum of the pay grade:
  - Review Red Circle policy statement and compensation guidelines
  - Lump sum payments will be allowed during annual review
FAQ’s

• **Does my position within the pay grade reflect my level of experience?** In a perfect world, employees with extensive experience and a proven track record of outstanding performance are typically paid in the upper half of their pay grade, and employees with less experience are paid in the lower portion of their pay grade. However, it is difficult to apply these principles because ISU is just now transitioning to a market-based compensation structure. We expect the new pay grade structure to provide better guidance for administering salaries over time.

• **My pay is below the minimum of the pay grade. What happens now?** Employees below the minimum will be prioritized for base salary increases and will be moved to at least the minimum of their respective pay grade as soon as is feasible, or as determined by ISU’s Senior Leadership Team based upon budgets and other considerations.

• **My pay now falls lower in the pay grade. What does this mean?** The new pay grades reflect a market-based compensation structure. Because of this, it is possible that your new pay grade might be different than under the old structure, which was not market-based. This should not be interpreted as a devaluation of your position; rather you now have more salary growth potential than you did previously. The pay grade ranges will be maintained, analyzed, and updated by UHR Classification and Compensation to ensure we remain competitive with the market going forward.

• **My pay is above the maximum of the pay grade. What happens now?** Employee pay will not be reduced. Although you will not be eligible for base salary increases, you may be eligible for performance based lump sum payments during the annual review process. Your salary will be “grandfathered” as over maximum in your current position until such a time that it falls within the pay grade (i.e. through a promotion or change in job).

• **My pay now falls higher in the pay grade. What does this mean?** The new pay grades reflect a market-based compensation structure. Because of this, it is possible that your new pay grade might be lower than under the old structure, which was not market-based. Your position in the new pay grade is more reflective of your position within the external market. The pay grades, and job profile placement in pay grades, will be maintained, analyzed, and updated by UHR Classification and Compensation to ensure we remain competitive with the market going forward.