Staff Compensation System:
Market Recalibration Project Report

Western Michigan University
May 14, 2019
Agenda

Project Team
Staff Compensation System
Market Recalibration (System Maintenance)
Total Rewards at WMU
Project Parameters
Project Considerations
WMU Market Matrix
Market Benchmarking and Pay Structure Analysis
Project Findings
Organizational Impact
Project Budget
Next Steps
Questions
Project Team

- Aon
  - Sarah Hutchinson, Associate Partner – Retired, March 2019
  - Elizabeth Stevens, Director Employee Rewards
  - Aon Compensation Analysts

- Human Resources
  - Amy Brimmer, Director Compensation
  - Allison Haan, HR Representative
  - Adde Oswalt, HR Coordinator
  - Lorena Flores, HR Intern, Undergraduate Student, Haworth College of Business

- Institutional Equity
  - Tammy Miller, Associate Director
  - Evelyn Winfield-Thomas, Executive Director

- Divisional Representatives
Project Team – Divisional Representatives

- Divisional Representatives
  - Kelli Bond, Research
  - Chris Cheatham, Academic Affairs
  - Paula Davis, Marketing and Strategic Communications
  - Chris Jager, Student Affairs
  - Jason Long, Development and Alumni Relations
  - Jeff Long, Business and Finance
  - Candy McCorkle, Diversity and Inclusion
  - Greg Rosine, Government Affairs
  - Keanah Smith, Intercollegiate Athletics
Staff Compensation System Launched – July 2015

- New compensation system launched—July 1, 2015.
  - Seeks to “match” rather than “lead” or “lag” the market.
  - Aligned with market with consideration for internal equity.
  - Designed to support a merit component in the future.
  - Incorporated FLSA exemption status review.
  - Shared governance detailed in the SCS Administrative Guidelines.
    - Executive Committee (President’s Cabinet)
    - Job Evaluation Committees
    - Human Resources
Market Recalibration (System Maintenance)

- Aon recommends a regular process to recalibrate a compensation system to market, typically every three to five years, based upon market pressure and resources.
  - Market movement varies across jobs as the market for some jobs moves faster than others.
  - This movement impacts the competitiveness of a salary structure over time.
- A market update (recalibration) protects the investment of time and resources in system design.
- Upon the system launch in July 2015, WMU decided upon and communicated a 4-year time frame and planned to conduct a “market recalibration” of the system in 2018–2019, with any changes to be effective July 1, 2019.
Taking a Total Rewards Perspective at WMU

Intrinsic

Environment
- Campus environment
- Work-life balance
- Wellness programs
- Access to athletic club and recreation center
- Free parking

Compensation
- Base pay plan
- Annual increase process
- Awards and recognition
- Make a Difference awards
- Service awards
- 25 Year Club

Extrinsic

Benefits
- Enhanced retirement plan with up to 11% University contribution
- Opportunity to contribute to retirement through 403(b)/457 plans
- Medical plan with low level staff contribution; spouse/family plans
- Dental/vision/life plans
- Sick time and long-term disability
- Paid vacation, holidays, and winter closure
- Tuition benefits (staff/dependents)
- EAP

Development
- Community of learning
- Tuition benefits (staff/dependents)
- Career development opportunities
- Computer training
- Job postings

All Staff

Individual
Project Parameters

- WMU will continue with a market-based staff compensation system, with the goal to “match the market” as opposed to leading or lagging the market (i.e., Pay structure aligned to market).
- Funding for market increases is a divisional responsibility (i.e., No central funding).
- Merit pay is outside the scope of the project.
Project Considerations

- Are WMU jobs (job titles) in the proper pay grade when considering the market?
  - Key question of market recalibration project.
  - Identify the market(s) for staff compensation system positions.
  - Use WMU job descriptions, departmental organization charts and market surveys to identify jobs (job titles) where a pay grade change may be necessary based upon market.

- Given recent changes to an individual position’s (person’s) job duties, is the position still in the proper pay grade? Does the position still have the proper job title?
  - Outside scope of market recalibration project.
  - Key questions addressed by job evaluation committees.

- Job evaluation process continued as normal during the project.
  - In the final stages of the project, we delayed reviews on a case-by-case basis.
  - Decisions about whether to proceed with a given review rested with the divisional vice president and HR.
## WMU Market Matrix

<table>
<thead>
<tr>
<th>Staff Group</th>
<th>Industry</th>
<th>Geography</th>
<th>Base Pay</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Academic Affairs/Student Affairs/Diversity and Inclusion/Intercollegiate</td>
<td>Higher Education</td>
<td>Regional/National</td>
<td>Median</td>
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<td>Athletics directors</td>
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<td>• Academic services and student services management, supervisory and</td>
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<td>• Libraries</td>
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<td>• Development/Fundraising</td>
<td>Higher Education</td>
<td>Regional/National</td>
<td>Median</td>
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<td>• Aviation</td>
<td>Higher Education</td>
<td>Regional/National</td>
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<td>• Research</td>
<td>Higher Education</td>
<td>Regional/National</td>
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<tr>
<td>• Accounting/Finance/Budget/Business directors</td>
<td>Higher Education General Industry</td>
<td>Regional/National</td>
<td>Median</td>
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<td>• Marketing and strategic communications</td>
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<tr>
<td>- Dining Service/Catering management, supervisory and professional</td>
<td>Higher Education</td>
<td>Local/Regional</td>
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<td>- Facilities-related management, supervisory and professional</td>
<td>General Industry</td>
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<td>- Accounting/Finance/Budget/Business management, supervisory and professional</td>
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<td>- Other professional (Athletics, Engineering, Information Technology, etc.)</td>
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<tr>
<td>- Clinical, Allied Health, and Direct Patient Care</td>
<td>Health Care</td>
<td>Local/Regional</td>
<td>Median</td>
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<tr>
<td>- Administrative and Clerical Support</td>
<td>General Industry</td>
<td>Local</td>
<td>Median</td>
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Project Findings

- #1 Pay Structure
- #2 Pay Grade Changes
Market Benchmarking and Pay Structure Analysis

- Market matches by Aon and Human Resources.
  - Data from pay surveys representing relevant industries and geographic areas.
  - Vetted by executive leadership in November and February.
  - 396 benchmark jobs, 968 employees (75% of the population).
- Market data compared to existing SCS pay structure.
WMU Market Analysis—Benchmark Jobs in Current Grades

Salary

<table>
<thead>
<tr>
<th>Grade</th>
<th>Market Data</th>
<th>Grade Min</th>
<th>Grade Mid</th>
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SCS pay structure does not need adjustment at this time.

- Regularly adjusted upward as part of annual pay implementation process.
  - Aon recommendation based upon analysis of market trends.
  - WMU increased pay grade minimums, midpoints, and maximums each year.
    - July 1, 2016 – 2%
    - July 1, 2017 – 1%
    - July 1, 2018 – 1%
- Number of pay grades, differential between pay grade midpoints, and breadth of pay ranges remains appropriate to capture market rates of pay.
WMU Market Analysis—Benchmark Jobs in Current Grades

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- Market Data
- Grade Min
- Grade Mid
- Grade Max
Placement of Non-benchmark Jobs into the Pay Structure

- Non-benchmark jobs slotted into the structure by Aon and Human Resources, based upon **compensable factors** (knowledge/skills, responsibility/impact, managerial scope) and **internal equity**.
  - Vetted by executive leadership in February.
  - 303 non-benchmark jobs, 331 employees (25% of the population).
SCS Market Recalibration Project Finding #2 – Pay Grade Changes

- 605 jobs remain in the same pay grade.
- 94 jobs moved to a different pay grade in order to better align with market.
  - 82 jobs moved to a higher pay grade.
  - 12 jobs moved to a lower pay grade.
WMU Market Analysis—Benchmark Jobs in New Grades

Salary

Grade

Market Data

Grade Min

Grade Mid

Grade Max
Impact of Pay Grade Changes

- 605 jobs remain in the same pay grade (1,120 employees, 86% of the population).
- 94 jobs moved to a different pay grade in order to better align with market.
  - 82 jobs moved to a higher pay grade (162 employees, 13% of the population).
  - 12 jobs moved to a lower pay grade (17 employees, 1% of the population).

<table>
<thead>
<tr>
<th>Job Movement</th>
<th># of Jobs</th>
<th># of Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Down one pay grade</td>
<td>12</td>
<td>17</td>
</tr>
<tr>
<td>Remain in same pay grade</td>
<td>605</td>
<td>1,120</td>
</tr>
<tr>
<td>Move up one grade</td>
<td>79</td>
<td>154</td>
</tr>
<tr>
<td>Move up two grades</td>
<td>3</td>
<td>8</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>699</strong></td>
<td><strong>1,299</strong></td>
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</table>
Jobs with Market Grade Below Current Grade (Pay Grade Goes Down)

SCS Administrative Guidelines govern pay decisions
   – Available at [wmich.edu/hr/staffcompensation](http://wmich.edu/hr/staffcompensation) (first document in list).

Pay decisions on a case-by-case basis with consensus of vice-president and CHRO.

Impact
   – 17 employees.
   – No pay reductions.
   – Pay below or slightly above new pay grade midpoint for 13 employees.
   – Pay close to maximum of new pay grade for 4 employees.
Jobs with Market Grade above Current Grade (Pay Grade Goes Up)

SCS Administrative Guidelines govern pay decisions
- Available at [wmich.edu/hr/staffcompensation](http://wmich.edu/hr/staffcompensation) (first document in list).

Option #1 – Minimal compliance with administrative guidelines (91 employees).
- Move pay to minimum of new pay grade, if necessary.
  - 45 employees, pay adjustments range from 0.8% to 17.5%.
- If pay already above minimum of new pay grade, pay adjustment not required.
  - 46 employees, no pay adjustments.

Option #2 – Allowed but not required (71 employees).
- Pay adjustments up to and including 10% without approval by AVP Human Resources/CHRO.
  - 54 employees, pay adjustments range from 1.5% to 10%.
- Pay adjustments over 10% require approval by AVP Human Resources/CHRO.
  - 17 employees, pay adjustments range from 11.8% to 18.7%.

Budget Impact = $851,624*  (0.8% of $108M SCS base pay, fringes included.)

*Includes fringe benefit costs, based upon 2018-19 rate of 52.5%.
Project Budget

**Project Budget = $200,000**

**Actual Cost = $203,971**
- Aon fees, travel and incidentals.
  - $199,725
- WMU incidental costs (meeting space, AV charges, printing costs, etc.)
  - $4,282
- Over budget by $4,007.
Next Steps and Questions

Next Steps

- Notification to impacted employees – Beginning Wednesday, May 15.
  - In-person distribution within executive areas.
- Job evaluation committee briefing – May 23, 2019.
- Effective date of changes – July 1, 2019.

Questions

- Now
  - Questions from the audience.
    - Please use microphone so that our online viewers can hear.
- Later
  - Project website: wmich.edu/hr/scs-market.
  - Project team member from your division.
  - Individual impact:
    - Talk with your supervisor and escalate through organizational structure as needed.
    - Contact your HR Representative.