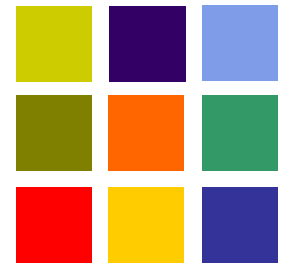


# **Compensation Program Review for Presidential Leadership Team**

**October 14, 2010**

# Compensation Methodologies: Non-Faculty Employees



- Classifications
- Compensation Study
- Position Analysis Request (PAR)
- Temporary Assignment Pay (TAP)
- New Hires

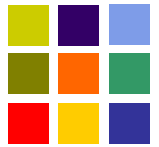




# Non-Faculty Employees

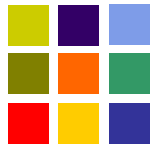
- Classified (874)
- Professional-Technical (482)
- Administrators (49)

# ACC Policies: Value Statements



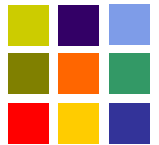
- **Value Statements from Board Policy F-10:**
  - Market competitive compensation for all employees is critical in attracting and retaining a quality workforce.
  - Compensation market surveys will be used by the College to ensure competitive salaries and internal equity.

# ACC Policies: Principles



- **Principles from Board Policy F-10:**
  - Attract and retain a workforce with sustained high effectiveness in meeting student needs.
  - Act as an ethical and responsible employer.
  - Develop and maintain a fair and competitive salary structure.
  - Make efficient use of student and public funds for compensation administration.

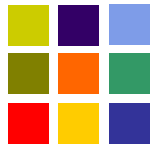
# Objectives of a Compensation Program



## Board Objectives:

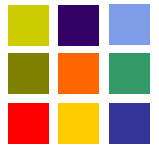
1. Internal Fairness--Compensation in line with positions and the effectiveness of employee performance.
  - Job Descriptions
  - PAR
  - TAP
2. External Competitiveness--Salary structure maintained at a competitive level in the job “market” in which the organization hires.
  - Bi-Annual Compensation Survey

**(cont'd)**



3. Pay for Performance--Recognizing individual performance.
  - PEP
  - Annual Increase
4. Centralized Program Administration-- Compensation Program is administered under policies and guidelines.
  - Administrative Rules and Guidelines
  - Board Policies
  - Practices

**(cont'd)**

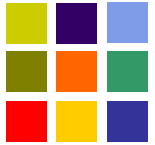


5. Flexible Program Management--Compensation Program is flexible enough to be adapted to organizational change and changes in the job market.
  - Organizational re-organizations and realignments



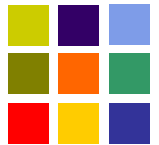
## Elements of a “Strategy”

- Attract, retain, motivate
- Internal equity
- Market competitiveness
- Appropriate competitive markets
- Degree of competitiveness
- Timing of compensation data against the market
- Pay policies



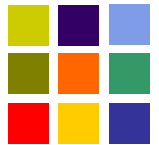
# **Broad Overview Bi-Annual Compensation Survey**

# Market Data: Sources We Use



- Relevant competitive market is the non-faculty classifications of similar positions with similar job descriptions.
  - Texas metropolitan community colleges
    - Alamo Community College, Collin County Community College, Dallas County Community College, El Paso Community College, Houston Community College System, Lone Star College System, San Jacinto College, Tarrant County College District
  - The local market
    - Cities in Austin Area
    - Counties (Travis, Williamson)
    - State of Texas
    - Private industries in Austin Area

**(cont'd)**

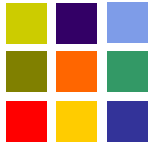


- Survey data used:
  - College & University Personnel Association (Metro 8 community colleges; UT; Texas State)
  - Austin Area Salary Survey (San Marcos/Austin/Round Rock)
  - Texas Association of School Boards Survey (Local School Districts)
  - Texas Workforce Commission (Austin Area/Statewide)
  
- Conducted in odd years.



# Benchmarking

- Establish benchmark positions.
  - Goal: 2 per job family
  - Standard jobs that can be price matched in the marketplace. They represent key positions, positions with multiple incumbents, positions that represent a good cross-section of the organization, and positions that are not unique just to one organization. Example: Groundskeeper, Accountant, Administrative Assistant
- Determine links from non-benchmark positions to benchmark positions within a job family.



**(cont'd)**

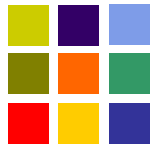
- Match job descriptions, not titles.
  - 80% - 120% match
    - Jobs are considered a match if the ACC duties and responsibilities are no less than 80% and no more than 120% of the comparator job duties and responsibilities.



## Use of Salary Data

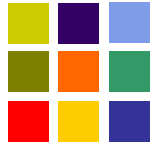
- Use median salaries from surveys, if available.
  - The median salary is the “middle” salary in a group of salaries. Median not as skewed by low or high salaries.
- “Age” survey data.
  - Survey data from multiple surveys represent a variety of different “effective dates.” The multiple surveys need to be aged to a common date for comparison purposes.
  - Bureau of Labor Statistics Employment Cost Index (ECI) – Wages & Salaries - State/Local Government Workers, Education Sector (includes Community Colleges)

# Data Analysis: Comparison & Adjustments



- Analyze data for possible market adjustments.
  - Actual ACC salaries/midpoints compared to salaries in the relevant market.
  - External Structure versus Internal Structure.
- Adjust positions to new pay grades, as needed.

# Data Analysis: Impacts



- Living Wage
  - Currently \$12.92/hour.
  - No employee paid less than the community accepted level of a “living wage”.
    - May create compression with next levels.
- Adjust current employees to new pay grade.
  - Compa-Ratio Adjustment
    - Compa-ratio is the ratio of an employee’s current wage to the College’s pay grade midpoint. Employee salaries maintain their compa-ratio to the current pay grade mid-point at the new pay grade with a cap at midpoint of the new pay grade.



# Best Practices

## 1. Market pricing

- Adjustments should be based upon where do you get employees from and to what organizations are you losing employees.
- Are they getting promotions or making lateral moves?
- What organizations do you want to look like?
- HR Recommendation: Need for better exit information/interviews.



**(cont'd)**

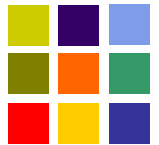
## 2. Third Party Surveys

- No reporting if less than 5 institutions submit salary information for a position

## 3. Identification of Trends in the Markets

- Analysis of organizational changes
- Comparable size organizations
  - If not, weighting might be considered
- Size of personnel/organizational budget

# Compensation Study Considerations



1. When the market identifies a pay grade adjustment for a position, will we continue to use the compa-ratio method adjustment?
2. Have we appropriately classified employees who should be “administrators”?
3. Should we take action for people over the maximum of the pay grade?
4. Should we include the areas we are annexing in our market? When?



## **(cont'd)**

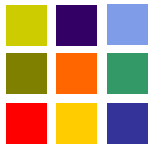
5. Should we have more detailed exit interviews to gather data?
6. Should we look at substituting experience for degrees for certain positions? Market impact?
7. Should we have an internal promotional plan for recommended employees?



**(cont'd)**

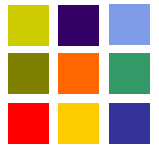
- Job descriptions need to be current.
- Job families need to be reviewed.
- Benchmarks and linkages need to be determined.

# Position Analysis Request (PAR)



What happens when job duties change  
in the middle of a cycle?

# What Happens When Job Duties Change?



- **Current Position Analysis Request (PAR) Process**

- Parallels the budget process with funds paid out of ACC Budget.
  - Timeline-December to February
- Looks at the “position” instead of the “person”.
  - Significant change to duties; not just more of the same.
  - Examples:
    - *A Lab Assistant has performed the duties of a Lab Technician for a Department for the past year. There is no other Lab Technician in the Department. (Approved)*
    - *A Cashier is a hard worker and model employee. The Supervisor would like to move the employee to a Senior Cashier so they can make a more money. (Not approved)*



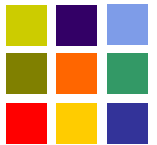
## **(cont'd)**

- Supervisor submits a PAR.
- HR Compensation evaluates the PAR Request and makes recommendation to PLT.
- If approved by PLT, supervisors and employees are notified of the change.
- Employees are moved to new pay grade maintaining their compa-ratio with a cap at midpoint.
- Salary adjustments are calculated to be effective the following September 1.



**(cont'd)**

- Reclassification can be done anytime for a VACANT position through the Position Change and Budget Approval Form.
- Paid from Departmental Budget.



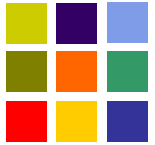
**(cont'd)**

- PAR Report for FY11
  - Cost - \$176,077
  - 19 individual PARs (\$42,049)
  - 3 “group” PARs (\$134,028)



# PAR Process Considerations

1. Should the College continue the PAR Process?
2. Should PAR process be done at the time employee is granted new job duties eliminating the need for a college-wide process? Budget impact?
3. When employees are moved to a new pay grade through PAR, do they maintain compa-ratio with a cap at midpoint or conduct new placement with no cap?
4. Should impact on other positions be considered at the same time?
5. To what extent will employees be involved, participate or be kept informed?
6. Should we design a promotion process? If so, what should it look like?



# **Temporary Assignment Pay (TAP)**

# Temporary Assignment of Job Duties



## ● Temporary Assignment Pay (TAP)

### ● Reasons for TAP Recommendation:

- Assignment of significant amount of duties at an equal or higher level (not associated with a position vacancy).
  - Volume is not the issue.
  - Example: Employee A is out sick and Employee B is asked to assume duties for a two month period.
- Assignment of temporary duties at an equal or higher job classification, based on a vacant position.
  - Example: Employee A is asked to take over a major part of the duties of a vacant position and Employee A already has a full load.
- Assignment of a major project that requires skills at equal to or higher job classification that includes supervision of employees.



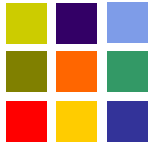
## (cont'd)

- Supervisor submits TAP Form, with justification, to Next Level Supervisor, then on to HR Compensation.
  - Detailed description of additional duties.
  - Estimated percent of time spent on additional duties.
  - Explanation of how the duties are currently being performed and how the employee's current duties will be changed.
  - Anticipated effective date and possible length of assignment.



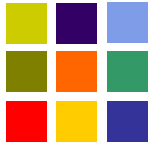
**(cont'd)**

- If approved, TAP is paid to the employee for the length of the assignment.
  - Based on a percentage of additional job duties
  - TAP rates range from \$250/mo. - \$450/mo. (at 100%)
  - Should the TAP rates be increased?
- Paid from TAP Account, not Departmental Budget.



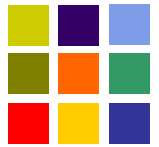
**(cont'd)**

- TAP Report for FY11
  - Cost - \$27,730
  - 25 employees



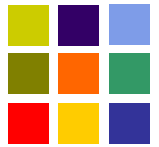
# **Compensation Administration for New Hires**

# Compensation Administration for New Hires



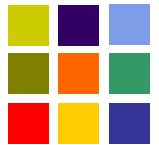
- Job posted based on job description including department specific information.
- Placement conducted based on job description.
- New hire salaries capped at midpoint.

**(cont'd)**



- **Placement criteria:**

- Work experience is counted as directly, closely, or not related to job.
- Work experience must be at least 6 months in duration with same employer.
- Full-time work experience must be at least 35 hours per week.
- Part-time work experience must be at least 19 hours per week.
- Concurrent work experience counts up to 100% or 1 year.
- Required years of experience are deducted from candidate's experience.
- Education requirement must be met.



**(cont'd)**

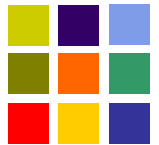
- Offers made based on related work experience and hiring compa-ratio calculation.

Experience Compa-Ratio Calculation

Years of Experience	Hiring Compa-Ratio
Less than one year	80 % of midpoint
1.00 to 1.99 years	84% of midpoint
2.00 to 2.99 years	88% of midpoint
3.00 to 3.99 years	92% of midpoint
4.00 to 4.99 years	96% of midpoint
5+ years	100% of midpoint

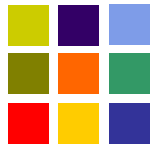
- Hiring compa-ratio is the percentage of the pay grade midpoint based on related work experience.
- No employee is paid less than Living Wage.

# New Hire Process Considerations



1. Continue deducting for years of experience?
2. Additional credit for degrees?
  - Required vs. Above Requirement?
3. Should we cap at midpoint? Do we need an “exception” process to hire over the midpoint?
4. Should there be a process for hiring highly qualified applicants?
5. Do we want to only count paid work experience? Unpaid work experience?
6. Intern Program- How would this count (paid vs. unpaid)?

# Who To Contact With Questions



Vicki West, Compensation Manager

223-7502

[vwest@austincc.edu](mailto:vwest@austincc.edu)

Dana Tucker, Senior Compensation Analyst

223-7608

[dtucker@austincc.edu](mailto:dtucker@austincc.edu)