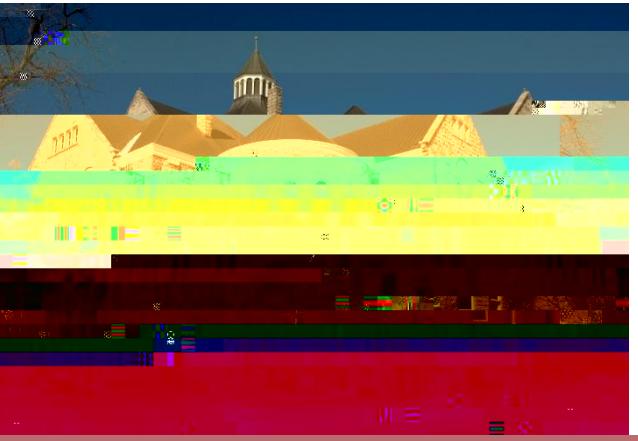
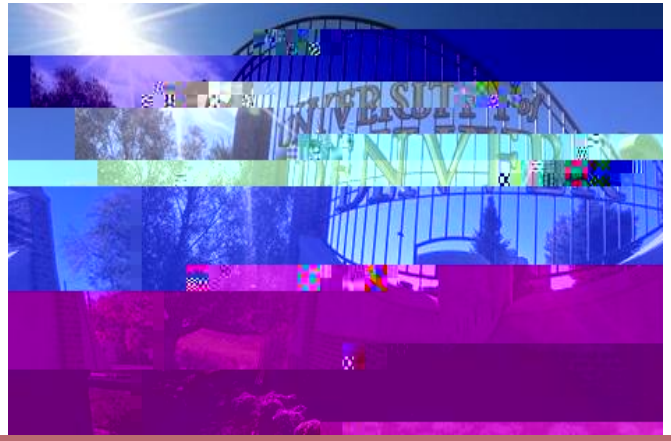
The University of Denver

Guidelines for Sustainable Compensation Program

Benefited Staff Compensation

Sibson Consulting

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University of Denver Benefitted Staff Compensation Philosophy

The University of Denver (DU) aspires to foster a sense of community and promote diversity and inclusivity. As a key part of its benefitted staff compensation program, DU focuses on consistent and competitive salaries in order to attract and retain a high quality workforce to successfully fulfill the mission of the University. Compensation is a core element of a competitive total compensation package which includes generous benefits and a supportive work environment.

' 8 ¶ V F R P S H Q V D W L R Q S U R J U D P H P S K D V L] H V P D U N H W Y D O X and value of jobs. Salary ranges will target the median of general industry and identified higher education markets, based on appropriate talent segments determined by type and level of the job and individual qualifications.

' 8 ¶ V R Y H U D O O S H U I R U P D Q F H V W U D W H J L F R E M H F W L Y H V well as departmental budgets impact the annual budget available for potential salary increase R S S R U W X Q L W L H V % H F D X V H R I ' 8 ¶ V F R P P L W P H Q W W R L Q be used to strengthen the link between individual performance and compensation. Managers and supervisors, human resources and DU leadership each have a defined role in and share responsibilities for ensuring an effective compensation program.

¾DU Leadership

- Communicating openly, regularly and clearly with the University on all compensation related matters
- Setting and communicating institutional strategy, objectives, and operational goals to the University
- Setting the standard for performance planning, coaching and feedback, and holding their direct/indirect reports accountable for the same
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Roles and Responsibilities continued

¾Human Resources

- Serving as a subject matter expert that establishes parameters around compensation guidelines
- Providing strategic advice to leadership
- Providing recommendations to the executive team, regarding appropriate salaries and ranges and adjustments based on job descriptions
- Designing, developing, and maintaining the compensation program
- Regularly monitoring the effectiveness of the compensation program and practices and its continued competitiveness
- Communicating the pay program and ensuring understanding by staff and administrators
- Collecting market data and assessing pay competitiveness
- Ensuring that job descriptions are current (Managers and Supervisors also responsible) and that pay practices are fair and equitable across the University

Compensation Program Overview continued

The overall design of the staff compensation program is simple: market value based on job content and role determines the salary grade; the skills, knowledge, experience, and performance of the incumbent establish his/her pay level within the salary grade

Market Pricing Methodology

Match the Jobs

Select Appropriate Data Cut(s)

Compensation for Part-Time Staff

Pay for part-time staff is managed under the same guidelines as pay for regular full-time employees, with the salary pro-rated to reflect the reduced work schedule

Exempt positions:

- The pay for an employee in an exempt job who works part-time will be determined by pro-rating the salary he/she would have received as a full-time employee working in the same job to reflect the agreed-to work schedule as shown in the illustration below. The range and position in the range for the part-time positions will be determined similar to how it is determined for full-time positions

- The salary for a part-time employee in an exempt position will meet minimum salary requirements as determined by current Fair Labor Standards Act regulations

Assumptions	
Annual Full-Time Base Salary	$80,000
Full-Time Work Week	5 days
Scheduled Days per Week	3 days
Part-Time Percentage (3 / 5)	60%

Calculation of Annual Part-Time Salary	
Annual Full-Time Salary	$80,000
Multiplied by Part-Time Percentage	X 60%
Actual Annual Pay	$48,000

- If a part-time employee in an exempt position works beyond the scheduled time, he/she is not eligible for overtime. If the work schedule on which the pro-rated salary was originally based consistently proves not to meet the needs of the department, the schedule should be assessed and the pay re-calculated accordingly

Compensation for Part-Time Staff continued

Non-Exempt positions:

- An employee in a non-exempt position who works part-time will be paid the regular hourly wage that is appropriate for the position and consistent with his/her skills, knowledge, experience, and contribution
- This rate will be multiplied by the number of hours actually worked. Staff members in non-exempt jobs will be eligible for overtime in accordance with the Fair Labor Standards Act (i.e., overtime is payable for hours worked in excess of 40 per week)

Managing Pay within a Grade

The grades of the new salary structure are wide enough to provide appropriate pay for employees with a variety of skills, knowledge, experience and performance levels. Salary decisions will be made using the following model:

Grade Minimum

First Quartile

- Meets minimum qualifications of job; however is fairly new to job and field, has little or no direct, related prior experience
- On steep learning curve, building both skills and knowledge, as well as ability to handle job responsibilities

Grade Midpoint

Second Quartile

- Performs (or has demonstrated capability to perform based on prior experience) some/most job responsibilities with increasing effectiveness
- Possesses most/all of the basic knowledge and skill requirements, but may need to build upon them through experience
- May still be learning some aspects of job or developing expertise to handle them more independently and effectively
- Consistently exhibits many or most desired competencies to perform job successfully

Third Quartile

- Performs (or has demonstrated capability to perform based on prior experience) all aspects of job effectively and independently
- Experienced in the job and possesses required knowledge and skills
- Consistently exhibits desired competencies to perform job successfully
- Seasoned and proficient professional

Grade Maximum

Fourth Quartile

- Expert (or has demonstrated capability to perform as expert based on prior experience) in all job criteria
- Has broad and deep knowledge of own area as well as related areas
- Depth and breadth of experience, specialized skills, perspectives add significant value to institution
- Serves as expert resource and/or role model/mentor to others in similar jobs or to other areas at the University
- Placement in this quartile requires review and approval by the Chancellor and the appropriate Senior Staff member

Performance determines progression within the level.

From time to time, there may be changes to jobs, some of which may warrant a salary action. It is therefore essential to distinguish between a change in the job content (reviewed below) DQG D FKDQJH LQ HPSOR\HH¶V VNLOOV NQRZOHGJH RU

There are four types of change:

- **Change in the job tools used to perform the job:** Changing how the work is done or the WRROV GRHV QRW QRUPDOO\ ZDUUDQW D VDODU\ DGMXVW &XUUHQW -RE´ IRU VSHFLILF JXLGHOLQHV
- **Additional responsibilities permanently added to the job:** A salary adjustment for additional responsibilities assigned permanently should be calibrated to the magnitude of FKDQJH 6HH ³([SDQGHG 5HVSRQVLELOLWLHV LQ D -RE´ IR
- **Taking on additional duties on a temporary basis:** Additional responsibilities that are assigned on a temporary basis should not be compensated by a permanent adjustment to VDODU\ 6HH ³7HPSRUDU\ $VVLJQPHQWV ,QWHULP $SSR
- **Significant addition or change of responsibilities, changing the overall purpose and nature of the job:** Some changes or additions may impact the job definition significantly

Changes to Job Content continued

a. Change in Tools or Processes for Current Job

- A change in how work is done or the tools used (e.g., automating manual processes, switching to different software package) does not normally warrant a salary adjustment
- While such a change may require training to learn new software or methods, it does not usually change the purpose or overall accountabilities of the job
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b. Additional Responsibilities in a Current Job

- Additional responsibilities may be added to a job without changing the core responsibilities of the job
- Even though this typically does not result in a salary grade change, DU wants to reward taking on additional responsibilities whenever it is appropriate
- HR and the manager of the respective department will collaborate to determine the appropriate increase, with the approval of the respective Vice Chancellor or Dean
- Consider the following basic compensation principals for making adjustments:
  - 3 ±5% for permanent additional functions, depending on the complexity of the new function, its similarity to the current function, and the magnitude of change as a result of the additional responsibilities
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d. Significant addition or change of responsibilities (a Reclassification)

- During the course of normal operations, changes in roles and responsibilities may make it Q H F H V V D U \ W R X S G D W H D Q H P S O R \ H H ¶ V S R V L W L R Q G H V

Transfers, Promotions, and Demotions

Transfer to a job in the same pay grade

- Not all career advancement opportunities are a promotion; some employees may choose to take a different job in the same salary grade
- Considerations for increases include the degree of differences in job responsibilities and whether additional training is needed. Salary adjustments (recommended by the Manager to HR) generally would range from 1-8% (see below) depending on individual circumstances, including:
  - New job roles and responsibilities
  - $Q HPSOR\HH¶V NQRZOHGJH VNLOO HSHULHQFH DQG S
  - $Q HPSOR\HH¶V SD\ KLVWRU\
  - Internal equity

New Responsibilities	Potential Increase
New responsibilities are closely related to current responsibilities	1 ±3%
New responsibilities are somewhat more complex than current responsibilities, requiring some training	3 ±6%
New responsibilities are significantly more complex or very different than current responsibilities requiring considerable training	6 ±8%

Promotion to a job in a higher grade

¾A promotion involves an employee taking a job in a higher grade. Being promoted involves taking on greater responsibilities in a job that is assigned to a higher salary grade

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Transfers, Promotions, and Demotions continued

Demotion to a job in a lower grade

- Demotions can be voluntary or involuntary
- When an employee elects to take a job in a lower salary grade, the salary should be reduced to reflect the responsibilities, qualifications and competencies required of the new job
- When an employee involuntarily is reassigned, the salary may remain the same, however, if done due to skill or performance level, the salary will be adjusted appropriately
- Decreases should consider:
  - The difference between the grade of the current job and the new job
  - $ Q H P S O R \ H H ¶ V N Q R Z O H G J H V N L O O H [S H U L H Q F H D Q G S
  - $ Q H P S O R \ H H ¶ V S D \ K L V W R U \
  - Internal equity

Salary Increases and Adjustments

Annual salary increases will be determined by considering market trends, DU financial resources, individual performance and overall DU strategy and goal achievement.

¾ **Base pay or salary increases take four forms:**

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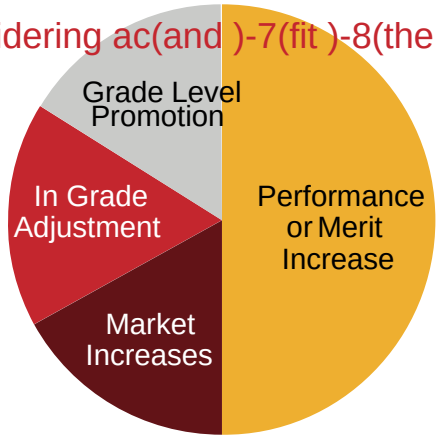

³ 0 (5 , 7 ´ W D N H V L Q W both performance and current position in range: that is expectations are higher for someone whose salary is already high in the range

Percentage increases must be competitive, reflect desired performance differentiation and fit the L Q V W L W X W L R Q ¶ V budget

Salary Increases and Adjustments continued

Equity and Market Adjustments

- From time to time it may be necessary and appropriate to adjust salaries to:
  - Establish / maintain internal equity
  - Recognize significant market changes
- (T X L W \ D G M X V W P H Q W V U H I H U W R D G M X V W P H Q W V P D G H W appropriately reflects his/her skills, knowledge, experience, and performance
  - Equity adjustments may be made at the same time as the annual increase, but should be clearly communicated as such to the employee to avoid confusion
- Market adjustments refer to adjustments made to recognize changes in the competitive market salary for a job. They are therefore unlikely to occur often as the salary structure is based on market analysis and is updated regularly to ensure continued competitiveness
  - Unusual market circumstances may warrant an adjustment

Salary Increases and Adjustments continued

Off-Cycle Salary Increases

- Off-cycle salary increases are performance-based discretionary increases that can occur at any time during the year outside the normal increase cycle. Reasons for off-cycle salary increases may include
  - Additional responsibilities permanently added to the job
  - Change in competencies, skills or relevant educational growth impacting contribution
  - Reclassification or promotion
- If Manager wishes to recommend an off-cycle increase, he/she must discuss this with and seek approval from his/her Vice Chancellor or Dean and HR to determine if the increase is M X V W L I L H G F R P S D W L E O H Z L W K W K H P D U N H W F R Q V L V W H not create internal inequities

¾Annual Salary Structure Update

- xHR is responsible for maintaining a current and competitive salary structure consistent with W K H ' 8 ¶ V F R P S H Q V D W L R Q V W U D W H J \
  - ±It is responsible for reviewing the salary grades annually, by collecting and analyzing market data for comparable jobs with the respective comparison markets
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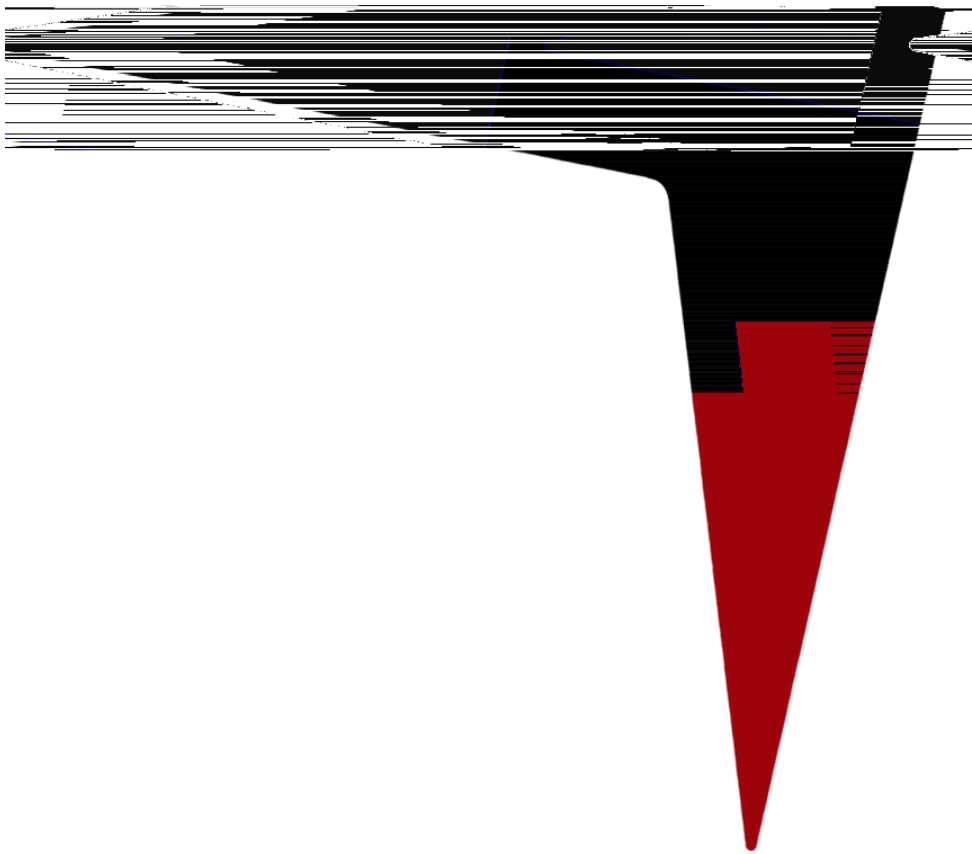
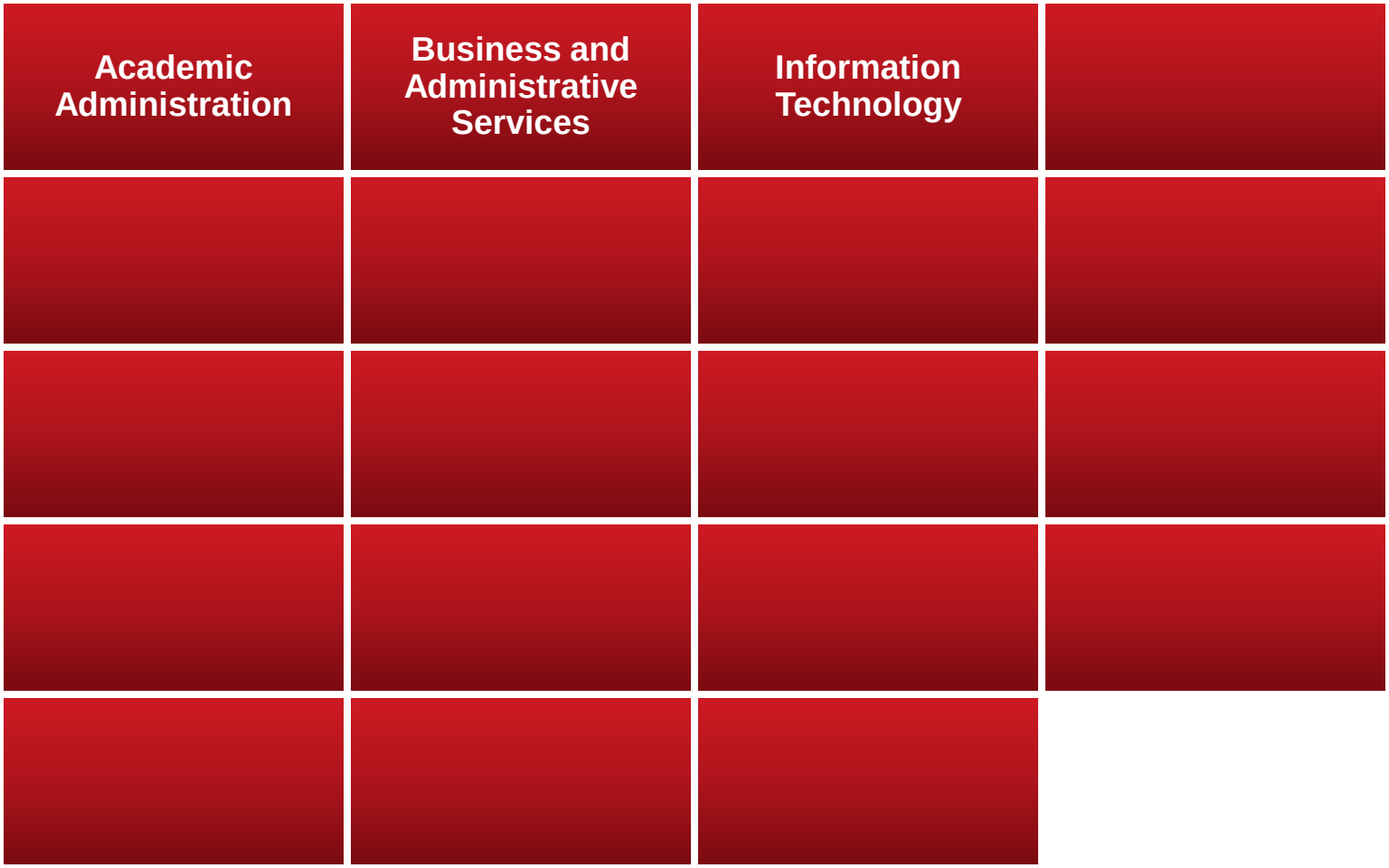


Appendix

DU Job Families

A job family is a group of jobs in which the work performed is of a similar nature. It is a macro grouping based on a segmentation and primary concentration of jobs at DU.