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COMPENSATION
CONSULTING
SERVICES



Western Wyoming Community College

Compensation Project Methodology

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Western Wyoming Community College Compensation Project Methodology

Introduction

The Associate Vice President for Administrative Services for Western Wyoming Community College (WWCC) asked Mountain States Employers Council, Inc.'s (MSEC) consulting staff to conduct a comprehensive base compensation market analysis and design an appropriate salary structure for Administrative and Professional Positions. A study was requested to evaluate the organization's level of pay in relation to other employers in their competitive market. This was accomplished by conducting a salary survey market analysis for identified positions, comparing current rates of pay with the labor market, and developing proposed salary ranges from the data collected. Sheree Steiner, CCP, SPHR, Senior Consultant, member of MSEC's Compensation Consulting Practice, served as the project consultant.

Develop Strategic Approach

Sheree Steiner met with The College President, members of the Executive Team and Human Resources to obtain an understanding of the mission and values of the organization, how the total compensation system should align with the organization's short- and long-term objectives, and discuss compensation strategy. Additionally, we met with the Pay Equity Task Force to discuss project methodology and address the competitive market for WWCC.

Our discussions identified some guiding principles for the total compensation system. They include:

- ✚ WWCC's proposed compensation strategy provides employees with a total compensation package of pay, benefits and work life designed to attract and retain employees based on an analysis of the defined competitive market.
- ✚ Factors considered in the market analysis include a review of the market survey weighted-average and other relevant survey data with consideration for industry, organizational comparators, national data and geographic location for Rock Springs, Wyoming.
- ✚ WWCC's intent when developing a grade structure and assigning jobs to the structure is to create a foundation based on competitive rates and sound compensation principles that allows for future organizational growth as well as future performance based compensation opportunities.

MSEC Methodology

- Define compensation project objectives.
- Meet with WWCC President, Associate Vice President for Administrative Services, and Vice Presidents to discuss compensation issues and plan strategy.
- Present overview of project and methodology at Senate “Town Hall” open to all staff.
- Meet with the Pay Equity Task Force to review project steps, discuss competitive market and determine appropriate comparators in the College and University Professional Organization (CUPA) survey database.
- Review 50 updated jobs descriptions and market price the positions (match WWCC jobs to appropriate salary survey jobs).
- Meet with WWCC President, Associate Vice President for Administrative Services, and Vice Presidents to review and approve survey matches.
- Extract market data and create a data resource with relevant information.
- Develop and recommend a grade structure and job alignment for identified administrative and professional jobs, to be consistent with current market.
- Analyze results, identify anomalies, and prepare cost analysis for pay adjustments to salaries should any fall outside of their range.
- Make recommendations and report results and conclusions.

Identify Appropriate Salary Surveys and Data Lines

MSEC used well-established salary surveys as the sources for market data. The specific surveys and the data lines or extracts used in this analysis are as follows:

- College and University Professional Organization (CUPA) 2014 Survey database for Administrative and Professional positions – special extract of comparative organizations
- Mountain States Association of Community Colleges 2014-2015 Survey – All Organizations



- ❑ MSEC 2014 Wyoming Compensation Survey – All Organizations
- ❑ MSEC 2014 Colorado Compensation Survey – All Colorado, geographically adjusted as appropriate
- ❑ MSEC 2014 Information Technology Survey – Wyoming; All Organizations 5-10 IT Employees, geographically adjusted as appropriate
- ❑ MSEC 2014 Public Employers – Total Response, geographically adjusted as appropriate
- ❑ MSEC 2014 Library Compensation Survey – All Organizations, Library Fiscal Size Extract
- ❑ MSEC 2014 Mental/Behavioral Health Survey – All Organizations, geographically adjusted as appropriate
- ❑ MSEC 2013 Non-Profit/Foundation – Total Responses, geographically adjusted as appropriate
- ❑ Economic Research Institute, Inc. 2014 – US Public Education; Years of Experience and Geographic Location as applicable

These reports and special extracts encompass salary data for thousands of employees performing tasks and possessing similar skills to WWCC employees.

Compare WWCC Positions to Salary Surveys

MSEC's compensation consultants compared WWCC's benchmark job descriptions to those in the salary surveys to identify similar jobs. We met with Human Resources and Senior Management to review and receive approval on the job matches. While exact comparisons may not always occur, we took care to assure that a significant degree of comparability existed before using the survey data. We strive for a 70 to 80 percent match between the incumbent's job responsibilities and the duties listed in the surveys used.



Adjust Salary Survey Data

Since the effective dates of the data vary by survey, we aged the information forward to a common date of July 1, 2015, for the Salary Range/Grade Structure. We increased the reported data by a salary adjustment factor which represents the annual percent of salary movement occurring to date.

We used an annual adjustment factor of 1.5 percent, based on the U.S. Department of Labor, Bureau of Labor Statistics and Employment Cost Index (ECI) average of base pay paid by State and Local government Educational employers. We prorated this factor based on the date from the survey effective date to July 1, 2015, and analyzed the adjusted survey data in order to develop salary ranges.

Salary Ranges

We reviewed adjusted survey data and applied compensation principles to develop the salary ranges. Based on our analysis, there are 11 grade levels including two 'Place Holders' to allow for entry-level and hourly employees future growth.

A salary range defines a minimum and maximum rate paid for a job based on the survey data and commonly applied compensation principles and practices. Calculation of the midpoints is based on survey market average results thus creating a competitive range. A formal salary range consists of a minimum, midpoint, and maximum as defined below:

Minimum = the lowest rate an organization is likely to pay for a job. The minimum is normally paid to an entry-level employee who is qualified to perform the minimum requirements of the job. It may also be called entry "hiring" rate.

Midpoint = the rate midway between the minimum and maximum. The midpoint typically represents the desired pay for a fully qualified employee who can satisfactorily perform the entire range of job duties and has been doing so for a period of time. It may also be called the "going" or "market" rate for the job.

Maximum = the highest rate an organization will pay for a job. The maximum is the rate where most organizations can no longer justify further increases to an employee's base wage.

Provide Information and Reports

MSEC's compensation staff prepared reports for WWCC's use as historical documentation regarding the plan's analysis and design process as well as impact and cost to implement the plan.



Summary

The proposed compensation structure is based on regional and national competitive data and ranges specific to WWCC jobs. We analyzed where individual pay rates fell within the established range based on data collected for the proposed salary plan. For the jobs reviewed our research indicates WWCC has maintained competitive salary levels for most employees with 55% of those reviewed above market midpoint averages. None of the organization's current pay rates fall below the minimum competitive levels for the July 1, 2015 grade structure.

Thirteen employee rates, approximately 28% are above the maximum of the established grade. All of these rates are in the entry to mid-level grade ranges. The consolidated annual amount above maximum is approximately \$103,850 or 3.1% of the organization's annual compensation expense for the positions included in the analysis. All other employee salaries fall within the minimum and maximum salary range parameters of their grade range with seventeen employees' salaries falling below their market midpoint average.

You pay salaries in your entry and intermediate level grades at a significantly higher or above market competitive rate than your senior and management level grades. Although individual rates vary, as an organization the comparative ratio of salaries to market is an average of 123% for your entry to mid-level grades (Grades 10 – 15) and 98% for your higher level grades (Grades 16 – 20) where 100% is considered the "going rate" using current salaries compared to the July 1, 2015 Grade Structure. When looking at the grades in total the organizational average for all salaries compared to market is 112%.

Final Note

Compensation is a fluid and dynamic part of human resources. We suggest that a review of the compensation plan be completed regularly in order to meet the objectives of the program.

Conducting a general review of the market once a year can provide valuable information regarding high-turnover positions and new or key roles. An annual range review or market analysis may or may not include adjustments to your structure. A more in-depth market review should be conducted every two to three years depending on organizational changes and the competitive environment.

We appreciate having the opportunity to support your efforts in designing a compensation system. Please let us know if you have any questions about this project.

