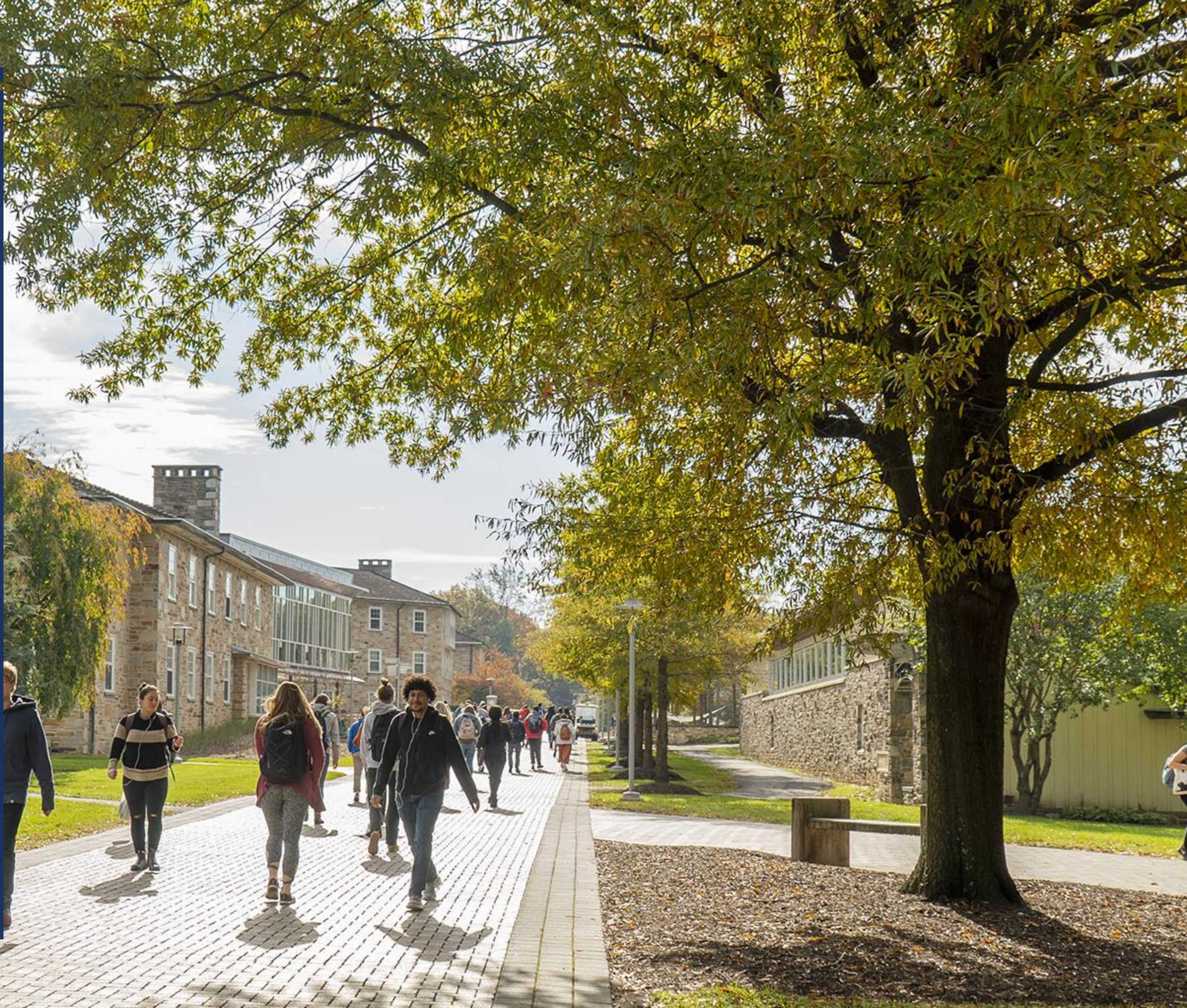
# MARKET ASSESSMENT & SALARY PROGRAM

GOUCHER COLLEGE



# AGENDA

- Our Objectives
- Defining Comparison Markets
- Market Assessment
- Salary Program
- Implementation & Next Steps

# OUR OBJECTIVES

- To conduct a comprehensive review of faculty and staff salaries relative to the appropriate comparison markets and develop a multi-year strategy to move salaries toward market salary levels in light of limited funding.
- Goucher worked with Segal, a national HR consulting firm specializing in higher education to:

1. Conduct executive and stakeholder meetings to gather input and understand concerns
2. Determine appropriate markets and assess current staff and faculty salaries
3. Create market-based salary ranges for each job
4. Calculate variance from the proposed salary targets, and
5. Develop a multi-year strategy to move salaries to the identified targets

# DEFINING THE COMPARISON MARKETS

- Segal reviewed the College's current approach to defining staff and faculty comparison markets and developed an initial set of three comparison markets focused on higher education:
  - **National (n=65)**: All private, non-profit Baccalaureate: Arts & Science Focus institutions in the U.S. that were comparable in Total Expenses, Total Enrollment, and Total FTE; excluded rural institutions
  - **Local (n=68)**: All four-year non-profit institutions within 80 miles of Goucher
  - **Athletics (n=89):** Division III institutions (with or without football) that were comparable in Athletics Total Revenue, Athletics Total Expenses, Head Coach Total, and Student Athletes Total; all institutions in our athletic conference were included
- Staff jobs that exist outside of higher education were also compared to general industry surveys and data as appropriate.

# A NOTE ABOUT GEOGRAPHIC DIFFERENTIALS

- In compensation assessments, two types of geographic differentials are often reviewed: **Cost of Living** and **Cost of Labor**.
  - *Cost of Living* represents the cost of goods in a particular area including housing, groceries, and transportation and reflects difference in cost to sustain level of living in one city versus another.
  - *Cost of Labor* represents the differences in salaries in a particular location based on the talent market and what it "costs" an employer to hire someone to work in a specific location.

After conducting a geographic analysis on cost of labor, Goucher decided to use the national comparison group (for higher education and outside of higher education) and apply a 5% premium to account for the Baltimore cost of labor difference against the U.S. average.

# STAFF MARKET ASSESSMENT METHODOLOGY

- Utilized CUPA-HR's administrative, professional, and staff surveys, along with two other salary surveys; aged data where necessary
- Used a national comparison market with a 5% geographic differential premium
- Matched Goucher staff jobs with the most appropriate market survey job based on job content (i.e., duties, responsibilities, experience, and education requirements), rather than title; applied adjustments (+/- 5-15%) if significant differences existed between the Goucher and survey job
- Where available, obtained base salary market data from selected survey sources at the 25$^{th}$, 50$^{th}$, and 75$^{th}$ percentiles
- Conducted variance analysis comparing Goucher College pay against the market data

# INTERPRETING MARKET DATA RESULTS

## WHAT MARKET DATA TELLS US

- ✓ Indicate a market **range** for the value of the role
- ✓ Represent the **cost to hire** for the skills in the market from which the institution recruits its talent
- ✓ Illustrate **trends** in compensation year-over-year

- ✗ Not a precise number
- ✗ Information at one point in time
- ✗ Does not represent the appropriate **pay rate for every individual** in a job

# STAFF MARKET ASSESSMENT RESULTS

## Market Assessment Results

**92%**

**Benchmarked Incumbents**
(% of Total Population)

**85%**

**Aggregate Salary Spend Compared to Market Median**

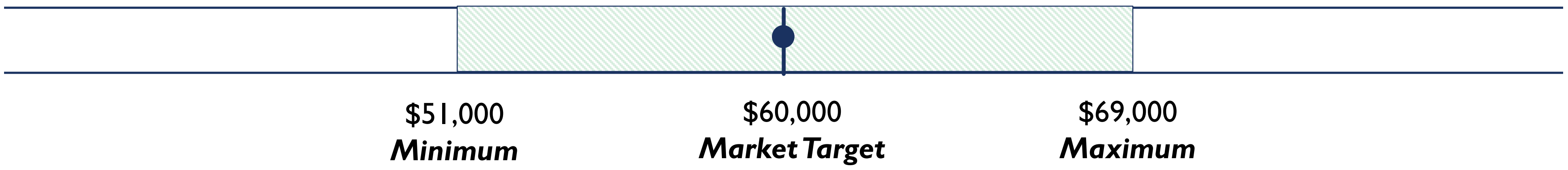
## Distribution of Individual Competitiveness

| | |
|---|---|
| >115% of the Market Median | % |
| 85% - 115% of the Market Median[1] | % |
| <85% of the Market Median | % |

1 Goucher College's salary range spans 85% of the median – 115% of the median

# STAFF SALARY PROGRAM

- Each job has been benchmarked to the market except for a handful of jobs for which market data was not available[1]
- The few non-benchmarked jobs were "anchored" to their most similar benchmark jobs, and adjusted as appropriate reflecting differences in knowledge, skills, and requirements
- Each job has a unique pay range
  - Midpoint is the market median for the job
  - Minimum is 85% of the median
  - Maximum is 115% of the median




1 8% of jobs were not benchmarked

# FACULTY MARKET ASSESSMENT AND SALARY PROGRAM

- Faculty were benchmarked to the national comparison market (with the 105% geographic differential) using CUPA-HR's Four-Year Faculty Salary Survey.
- Each faculty member was benchmarked based on their rank and discipline as defined by the 4-digit Classification of Instructional Programs (CIP) code (2-digit code was used when 4-digit data was not available). The CIP code published by the U.S. Department of Education's National Center for Education Statistics defines the intermediate groupings of programs with comparable content and objectives.
- Similar to staff, Goucher developed appropriate ranges around the market median for each faculty member using the market data for their rank and discipline.

92% of Goucher's faculty were matched directly to their rank and either 4- or 2-digit CIP code.

# INDIVIDUAL PLACEMENT WITHIN THE JOB PAY RANGE

| Staff | Quartile 1 | Quartile 2 | Quartile 3 | Quartile 4 |
|---|---|---|---|---|
| Percent of Median | 85 – 92.5% | 92.5 – 100% | 100 – 107.5% | 107.5 – 115% |
| Definition | Meets all job requirements as outlined in the job description | Meets all job requirements and some job preferences as outlined in the job description | Meets all job requirements and all job preferences as outlined in the job description | Exceeds all job requirements and all job preferences as outlined in the job description |

| Faculty | Quartile 1 | Quartile 2 | Quartile 3 | Quartile 4 |
|---|---|---|---|---|
| Percent of Median | 90 – 100% | 100 – 105% | 105 – 110% | 110 – 115% |
| Definition | 0 – 2 years in rank | 3 – 7 years in rank | 8 – 11 years in rank | 12+ years in rank |

# MANAGING PAY WITHIN THE RANGE

The job's market pay range and the skills and experience of the incumbent determine the final pay level.

| | | | | |
|---|---|---|---|---|
| **Job Role, Responsibilities, and Requirements** | + | **Incumbent Knowledge, Skills, and Experience** | = | **Pay Level** |
| **Pay Range** | + | **Location in Pay Range** | = | **Individual Base Pay** |

# IMPLEMENTATION

| Implementation Steps | Details | Timeline |
|---|---|---|
| Step 1: Increase salaries to minimum of range, if below | Increase salaries to minimum of range, if below | Year 1 |
| | Red circle salaries above the range maximum | |
| Step 2: Increase salaries 40% of overall cost to minimum of target quartile, if below | Increase salaries 40% of overall cost to minimum of target quartile, if below | Year 2 |
| | Red circle salaries above the range maximum | |
| Step 3: Increase remaining salaries to minimum of target quartile, if below | Increase remaining salaries to minimum of target quartile, if below | Year 3 |
| | Red circle salaries above the range maximum | |
| Step 4: Increase salaries to appropriate placement within target quartile, if below | Increase salaries to appropriate placement within target quartile, if below | Year 4 |
| | Red circle salaries above the range maximum | |
| Step 5: Reassess | Conduct compensation study to reassess market movement to recommend future salary range adjustments | Year 5 |

# ONGOING PROGRAM MAINTENANCE

**As Needed:**

- Use the same approach to develop market-based pay ranges as new jobs are created
- Salaries for new hires and employees changing/promoted into new roles will be determined using the guidelines presented
- Determine whether certain jobs (i.e., "hot jobs") or job families require a different market positioning

**Annually:**

- Use national market salary movement (average from available sources) to recommend annual COLA adjustments

**Every 3-4 Years:**

- Conduct comprehensive compensation analysis on a 3-4 year cycle; determine pay range adjustments based on analysis results
- Revisit employee placement (by level) on the same cycle

# QUESTIONS

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