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IOWA STATE UNIVERSITY
PROFESSIONAL AND SCIENTIFIC COMPENSATION PLAN

Action Requested: Consider approval of the implementation of the proposed Iowa State University Professional and Scientific (P&S) compensation plan, with an anticipated effective date of May 31, 2020.

Executive Summary: The current Iowa State University compensation plan for professional and scientific staff was developed in 1993 and was based solely upon internal equity. While salary increase budgets have generally kept pace with the labor market, the current compensation plan for making salary decisions has little relationship to the market, which has resulted in increasing challenges for the University in the recruitment and retention of talent. At the University, approximately 3,160 P&S staff members would be covered by this proposed compensation plan.

In 2017, the University collaborated with Aon Consulting to assist in a review of the existing classification and compensation system. The intended outcomes of the study were to:

- Create and establish a university-wide compensation philosophy for P&S staff
- Develop defined job classifications and job families for P&S jobs
- Develop a P&S pay structure that accounts for market and internal job equity
- Develop defined pay administration policies and practices to maintain a modern and competitive pay program
- Create a framework for the future development of P&S career pathways

Through this process, it was confirmed that the current classification and compensation system is not properly accounting for the hierarchy of jobs to support the University's mission, it is not market competitive, does not value jobs based upon the University's mission, and does not adequately facilitate career pathways.

At the end of October 2019, final findings were presented to University leadership, including a new framework for leveling jobs and a new titling structure, which comprises the new job classification structure, in addition to the new compensation structure. Between March and May 2020, the positions of 3,160 staff will be placed into the new classification system.

Using the principles of the new leveling framework, which considers experience and skills, independent judgement, breadth and scope of responsibility, levels of impact and accountability, the new job classifications have been assigned to one of 15 pay grades. The principles in this leveling framework better aligns with contemporary best practice related to the value of jobs in the marketplace.

Throughout the review project, the University has actively consulted with the Board of Regents staff and has drawn upon the input of University leadership and staff representatives. The University now seeks approval to proceed with implementation of a new compensation plan to utilize this new job classification system and address market competitiveness.

In formulating the classification plan, salary market data was drawn from 33 highly regarded and well-established salary surveys to reflect the different geographical markets from which the University recruits, including from different business sectors (specifically higher education and industry) and internal equity through job evaluation at the University.

This market data was then used by Aon Consulting to develop the 15 pay ranges. The 15 grades were created utilizing a “fanned” approach to grade widths, with lower grades being narrower and becoming progressively wider in higher grades. This was done to account for the greater market variability in higher level jobs. The graphic below is provided to illustrate the range widths, midpoint progressions, and minimum/midpoint/maximum for each pay grade.

Grade	Minimum	Midpoint	Maximum	Midpoint Progression	Width
EXEC	\$171,771	\$231,891	OPEN	17.5%	OPEN
15	\$146,188	\$197,354	\$248,520	17.5%	70%
14	\$124,415	\$167,961	\$211,506	17.5%	70%
13	\$105,885	\$142,945	\$180,005	17.5%	70%
12	\$90,115	\$121,656	\$153,196	17.5%	70%
11	\$76,694	\$103,537	\$130,380	17.5%	70%
10	\$66,503	\$88,116	\$109,730	15.0%	65%
9	\$57,829	\$76,623	\$95,417	15.0%	65%
8	\$50,286	\$66,629	\$82,972	15.0%	65%
7	\$43,727	\$57,938	\$72,149	15.0%	65%
6	\$38,023	\$50,381	\$62,738	15.0%	65%
5	\$33,700	\$43,809	\$53,919	12.5%	60%
4	\$29,955	\$38,942	\$47,928	12.5%	60%
3	\$26,627	\$34,615	\$42,603	12.5%	60%
2	\$23,668	\$30,769	\$37,869	12.5%	60%
1	\$21,038	\$27,350	\$33,662	N/A	60%

Classifications were assigned to each pay grade based on how closely the market average (median) for a specific classification was to the midpoint of the pay grade. If market data was not available, a process of job evaluation to compare like jobs with market data was conducted. The outcome of that process was to assign a classification to a pay grade with other jobs of similar market value.

The new compensation structure provides a framework for making future salary decisions, to place salary dollars where most needed to attract and retain P&S talent. The University aspires to pay fully competent staff within pay grades utilizing specific market zones illustrated below.

Salary Structure Administration—Managing Pay by Thirds

- Managing by thirds is a way to manage placement in and progression through a salary range
- Each salary range is divided into thirds
- Typically, managers hire into first third



Exceptions for this would be based on relative levels of responsibility and performance variability. The new salary structure does not impact the funding available but will better guide the strategic use of limited salary dollars; no additional salary costs are expected to be incurred with the implementation of this new framework.