

Contact: Marcia Brunson

UNIVERSITY OF IOWA
NON-ORGANIZED PROFESSIONAL AND SCIENTIFIC COMPENSATION PLAN

Action Requested: Consider approval of the implementation of the proposed University of Iowa Professional and Scientific compensation plan beginning October 2011.

Executive Summary: The current University of Iowa compensation plan for non-organized professional and scientific staff was developed in the 1970's 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 recruiting and retaining talent. The University of Iowa employs 5,200 staff members whose salaries are governed by this plan.

In 2007, the University secured the services of Buck Consultants (now a Xerox company) to assist in a review of the existing classification and compensation system. The study confirmed the current system is not always market competitive, does not value jobs based upon what is important today, does not adequately facilitate career development, and can be improved to better recognize and reward individual job performance.

In 2008, the University committed to a redesign of its compensation and classification system to address these issues with the continued assistance of Buck Consultants. The University has recently completed building a new classification system. The positions of 5,200 staff have been placed into the new classification system which defines jobs by their key areas of responsibilities and outcomes. This approach will better support individual performance management and career development.

The new job classifications have been assigned to one of nine pay levels using a new set of evaluation criteria emphasizing knowledge and skills, judgment, breadth and scope, impact and accountability and communications, factors which more accurately reflect the contemporary value of jobs in the marketplace.

Throughout the redesign project, the University has actively consulted with the Board of Regents staff and has drawn upon the input of University leadership and staff representatives. Many staff and faculty on campus have participated in the various committees necessary to complete the job classification redesign.

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 18 highly regarded and well-established salary surveys to reflect the different geographical markets from which the University recruits, from different business sectors (higher education, healthcare and industry) as well as internal market comparisons to other groups at the University organized for collective bargaining.

This market data was then used by Buck Consultants to develop pay level ranges and targeted market zones within those ranges for each of the nine University pay levels. Market zones typically are defined to be 12% below and above the midpoint identified by the market data. Pay level range limits are typically 25% below and above the market zone. Because the market data for the variety of jobs within University pay levels did not conform to one central tendency with the data points clustered around a single midpoint for each pay level, two market zones and ranges were created for each pay level to recognize the differences in the market data. Specific job

classifications within each pay level were assigned to the higher salary structure when supported by the relevant market data. 266 classifications (67.5% of the employees) were assigned to Structure I and 99 classifications (32.5% of employees) were assigned to Structure II.

In the top two pay levels, there is not a defined range as the divergent market values of individual job classifications did not create a central tendency upon which to base a market zone. In practice, these senior-level executive positions will require individual market analysis and flexibility for effective recruitment and retention.

The proposed compensation plan is shown below:

Level	Structure I					Structure II				
	Range Bottom	Market Zone Low	Midpoint	Market Zone High	Range Top	Range Bottom	Market Zone Low	Midpoint	Market Zone High	Range Top
2	\$30,000	\$32,120	\$36,500	\$40,880	\$51,100	\$31,752	\$42,336	\$44,876	\$47,416	\$56,900
3	\$32,000	\$37,136	\$42,200	\$47,264	\$59,080	\$37,220	\$49,627	\$52,605	\$55,582	\$66,699
4	\$36,000	\$45,760	\$52,000	\$58,240	\$72,800	\$45,864	\$61,152	\$64,821	\$68,490	\$82,188
5	\$41,870	\$55,827	\$63,440	\$71,053	\$88,816	\$55,954	\$74,605	\$82,066	\$89,527	\$107,432
6	\$52,800	\$70,400	\$80,000	\$89,600	\$112,000	\$70,560	\$94,080	\$103,488	\$112,896	\$135,475
7	\$66,000	\$88,000	\$100,000	\$112,000	\$140,000	\$88,200	\$117,600	\$129,360	\$141,120	\$169,344
8	\$82,500	\$110,000	\$125,000	\$140,000	\$175,000	\$110,250	\$147,000	\$161,700	\$176,400	\$211,680
9	OPEN RANGE									
10	OPEN RANGE									

The new compensation plan provides a framework for making future salary decisions, to place limited salary dollars where most needed to reward performance and recruit and retain talent. The University aspires to pay fully competent staff within the designated market zones, with exceptions based upon relative levels of responsibility and performance. While performance is generally recognized in setting the salary at the beginning of each fiscal year, the University intends to continue its practices to recognize career growth and expanded job responsibilities during the year, to the extent these opportunities arise and funds are available. 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.

In June, the Board approved the salary policy and pay matrix (see Attachment A) for FY 2012. Salary increases for FY 2012 were based upon the salary policy and the approved salary matrix. If approved by the Board, salaries for FY 2013 will be based upon the compensation plan as shown above. Salaries for new hires beginning in October 2011 will be based upon the above compensation plan.

Recognizing significant differences in the nature and scope of each of the Regent institutions, each of the three universities has an independent compensation and classification system for professional and scientific (P&S) staff. P&S classifications cover a wide variety of staff including accountants, scientists, engineers, academic advisors, information technology professionals and nonorganized healthcare staff at the UIHC. Employees in the SEIU tertiary care bargaining unit at the University of Iowa Hospitals and Clinics are covered by a separate and distinct classification and compensation system.

**University of Iowa
Professional and Scientific Salary Schedule FY 2012**

Grade	Minimum	1st Quartile	Midpoint	Third Quartile	Maximum
1	\$21,684	\$27,456	\$33,228	\$38,999	\$44,771
2	\$23,456	\$29,707	\$35,957	\$42,208	\$48,458
3	\$25,373	\$32,136	\$38,899	\$45,662	\$52,425
4	\$27,459	\$34,778	\$42,096	\$49,415	\$56,733
5	\$29,716	\$37,709	\$45,701	\$53,694	\$61,686
6	\$32,157	\$40,799	\$44,411	\$58,082	\$66,724
7	\$34,782	\$44,053	\$53,323	\$62,594	\$71,864
8	\$37,624	\$47,655	\$57,686	\$67,717	\$77,748
9	\$40,708	\$51,560	\$62,412	\$73,264	\$84,116
10	\$44,037	\$55,782	\$67,526	\$79,271	\$91,015
11	\$47,652	\$60,356	\$73,060	\$85,764	\$98,468
12	\$51,565	\$65,309	\$79,053	\$92,796	\$106,540
13	\$55,767	\$70,642	\$85,516	\$100,391	\$115,265
14	\$60,347	\$76,439	\$92,531	\$108,622	\$124,714
15	\$65,288	\$82,699	\$100,110	\$117,521	\$134,932
16	\$70,627	\$89,473	\$108,319	\$127,164	\$146,010
17	\$76,424	\$96,804	\$117,184	\$137,564	\$157,944
18	\$82,693	***	***	***	OPEN