Final Report – Classification & Compensation Study

Staff Organizational Structure Review and Classification and Compensation Study

UNIVERSITY OF WYOMING

Final Report | Table of Contents

Project Background & Approach

- The University of Wyoming ("UW") is working with Deloitte Consulting LLP ("Deloitte") to reinforce and expand its commitment to career development and competitive pay for staff to enhance staff employee recruitment and retention.

- UW is aiming to do this by upgrading and enhancing the market competitiveness of its job architecture and salary structures.

- Deloitte has reviewed and recommended updates to the following components of UW's classification and compensation programs:

  - Compensation philosophy
  - Pay policies
  - Job architecture
  - Salary matrices

- Deloitte spoke to University leaders and researched leading market practice using publicly-available information at comparable public universities ("the peer group") and used this information to develop our recommendations. [1]

- This report summarizes Deloitte's market practice findings and recommendations; this includes a roadmap for implementing the recommended updates.

(1) See Appendix I for information about the Peer Group institutions.

1. University of Nebraska-Lincoln
2. University of Vermont
3. Oklahoma State University-Main Campus
4. Kansas State University
5. Texas Tech University
6. Utah State University
7. University of Rhode Island
8. University of Nevada-Las Vegas
9. University of Nevada-Reno
10. Montana State University
11. University of North Dakota
12. Boise State University
13. North Dakota State University-Main Campus
14. University of Maine
15. The University of Montana
16. University of Idaho
17. University of Alaska Fairbanks
18. New Mexico State University-Main Campus
19. South Dakota State University

Current State & Recommendations

Current State Assessments

- Deloitte reviewed and compared the current state of the following classification and compensation components to leading market practice:

Compensation Philosophy Components

- ☐ Guiding statement on pay
- ☐ Employee coverage
- ☐ Pay components
- ☐ Targeted pay position
- ☐ Market data use
- ☐ Internal pay equity
- ☐ Fiscal responsibility for pay programs
- ☐ Overall responsibility for pay programs
- ☐ Pay program compliance

Pay Policies

- ☐ New hire salaries
- ☐ Promotional increases
- ☐ Salary following a demotion
- ☐ Salary following a lateral transfer
- ☐ Temporary assignment pay adjustments
- ☐ Off-cycle market adjustments
- ☐ Supplemental pay

Job Architecture Components

- ☐ Job functions
- ☐ Job families
- ☐ Career tracks
- ☐ Job leveling guidelines
- ☐ Job titles

Pay Matrix Components

- ☐ Type
- ☐ Number of bands or grades
- ☐ Band or grade spread
- ☐ Midpoint differentials
- ☐ Lowest and highest midpoints

Compensation Philosophy Update Recommendations

- The information on the left summarizes Deloitte's baseline recommendations for updates to UW's compensation philosophy.

- Deloitte worked with UW HR to make further updates to the University compensation philosophy; the information on the right summarizes the subsequent updates made to the UW compensation philosophy.

- Reorder the current opening statement to lead with a statement regarding how the University's pay program reinforces the University's mission and focuses on attracting and retaining talent and the competitiveness of the compensation program.

- Note whether faculty and/or staff of the University is covered by the compensation philosophy.

- Clarify how survey market data UW uses is reflective of the University beyond being "comparable".

- If appropriate, note the University's market target for pay (e.g., the median of comparable institutions)

- Provide a high-level list of the University's total rewards package for staff.

- Further changes were proposed for the compensation philosophy to address the mission and goals of the UW Classification and Compensation Program.

- Changes include:
  - Removing task-oriented content to pay policies
  - Addressing specific pay program goals such as market competitiveness, equity, sustainability, transparency and noting how UW plans to accomplish these goals

- These changes address pay program flexibility for the University while communicating the mission of the UW compensation program.

Pay Policy Update Recommendations

- The information on the left summarizes Deloitte's baseline recommendations for UW's Pay Policy updates to maintain HR authority and achieve consistency in application.

- The information on the right shows subsequent recommended updates.

- Provide additional Information on how UW uses market competitiveness, internal equity and wage compression along with the roll of recruiters and department heads to set new hire salaries. Further identify when and where new hire salary exceptions may be denied.

- Consolidate the guidelines and policies for promotional increases.

- Clarify the different scenarios or conditions when a staff employee's salary can remain unchanged or be changed following a demotion or lateral transfer and when an employee is completing a temporary assignment

- Additional changes recommended for the UW pay policies include creating and/or updating policies where UW did not have sufficient policies in place.

- These policies address pay actions related to the following:

    - Involuntary reassignments,

    - Off-cycle/market pay adjustments, and

    - Supplemental Pay Adjustments

Job Architecture Update Recommendations

- The following summarizes Deloitte's baseline recommendations for UW's job architecture covering non-faculty positions.

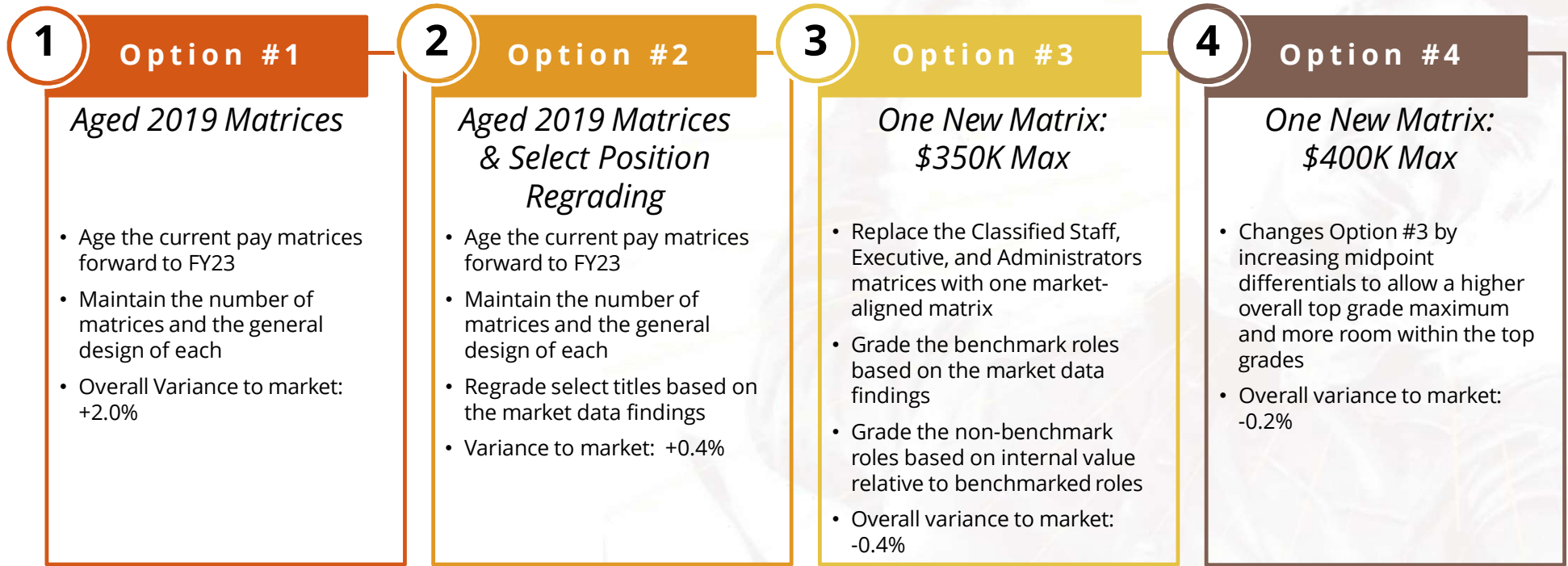| JA Component	Deloitte's Initial Recommendations
Job Functions & Families	Create and implement a system of job functions and families encompassing all staff jobs
Career Tracks	Create and define management, professional, support and skilled trades career tracks
Job Levels	Design a leveling framework for each career track to enhance career progression and employee understanding of promotion criteria
Job Titles	Implement job title standards that define how common staff titles are used across UW Where needed, implement market aligned titles

Pay Matrix Update Recommendations

- Deloitte conducted a benchmark study to analyze the UW pay matrices covering non-faculty positions (see Appendices II and III for a list of the study methodology and survey sources). The following summarizes Deloitte's preliminary recommendations for updates to UW's salary matrices covering staff positions.

Salary Structure Component	Deloitte's Recommendation: Options 1 & 2 Age the Current Matrices Forward	Deloitte's Recommendation: Option 3 & 4 Create a New Matrix
Number and Basis	Maintain the current number of matrices	Implement one structure covering the classified, administrator and executive jobs
Salary Structure Type	Maintain the current structure types	Create a market-based structure
Number of Grades	Maintain the current number of grades in each matrix	23
Midpoint Differential	Maintain the current midpoint differentials in the current matrices	10% to 15%
Grade Spread	Maintain the current grade spread in each matrix	Start at 35% and extend to 70%

Pay Matrix Update Options

- Deloitte compared the current UW FY19 pay matrices to the peer universities' market data and salary structures and tested the update options shown below to enhance the market alignment of the UW salary matrices

1 **Option #1**

Aged 2019 Matrices

- Age the current pay matrices forward to FY23
- Maintain the number of matrices and the general design of each
- Overall Variance to market: +2.0%

2 **Option #2**

Aged 2019 Matrices & Select Position Regrading

- Age the current pay matrices forward to FY23
- Maintain the number of matrices and the general design of each
- Regrade select titles based on the market data findings
- Variance to market: +0.4%

3 **Option #3**

One New Matrix: $350K Max

- Replace the Classified Staff, Executive, and Administrators matrices with one market-aligned matrix
- Grade the benchmark roles based on the market data findings
- Grade the non-benchmark roles based on internal value relative to benchmarked roles
- Overall variance to market: -0.4%

4 **Option #4**

One New Matrix: $400K Max

- Changes Option #3 by increasing midpoint differentials to allow a higher overall top grade maximum and more room within the top grades
- Overall variance to market: -0.2%

Recommend updates exclude the pay matrices for Athletics, Faculty, and Temporary positions

Pay Matrix Update Considerations

- The information on this slide summarizes key considerations for each salary matrix update option, including change management, the potential for decreased earnings, matrix administration, and implementation cost estimates.

	#1 – Aged 2019 Matrices	#2 – Aged 2019 Matrices & Revised Grades	#3 – One New Market-Based Matrix - $350k Max	#4 – One New Market-Based Matrix - $400k Max
Change Management	+ Least amount of change impacting the institution	+ Grades change for select positions up or down	+ Entire system of job grading changes for three job groups	
Lower Grade Minimums and Maximums	+ N/A	+ Select position regrading results in lower grade minimums and/or maximums	+ Narrower market-aligned grades lead to higher grade minimums and lower grade maximums	
Pay Matrix Administration	+ Additional time continues to be spent on maintaining multiple structures		+ Enhanced efficiencies with maintaining one instead of multiple matrices	
Estimated Cost to Minimum	+ $800,000	+ $1.7 million	+ $7.7 million	+ $8.6 million

Implementation

Implementation Overview

- Each Deloitte classification and compensation program update proposal will require thorough vetting and potential adjustments and in some cases introduction to and approval by UW's Board of Trustees.
- In addition to the communication activities outlined in the previous section, additional procedures can be documented focused on pay program maintenance activities, including the frequency of and processes for benchmark studies and pay matrix updates that are used to inform compensation plan budgets.

Implementation Responsibilities

Finalize updates
Finalize and formalize the updates to the Compensation Program

Get Approval
Where needed, submit changes for approval

Communications
Share details around Compensation Program changes

Maintenance
Implement policies and procedures to complete compensation responsibilities annually or bi-annually

Annual or Bi-Annual Responsibilities

Benchmark Studies

Pay Matrix Maintenance

- The following pages show activities to complete to finalize, approve and communicate proposed classification and compensation program changes.
- Guidance is also provided to formalize benchmark study and pay matrix update processes.

Implementation Timeline Example: Compensation Philosophy & Pay Policy Changes

- The table on this page addresses steps for implementation of the updated compensation philosophy and pay policies.

Key Implementation Priorities
Compensation Philosophy
Finalize the updates and content additions to the compensation philosophy document
Submit the revised compensation philosophy for approval, where needed
Determine the optimum channel to and deliver content that explains the revised compensation philosophy
Pay Policies
Finalize program updates and changes along with associated costs estimations
Determine where additional new policies may be needed
Submit policy updates for approval, where needed
Determine the optimum channel to and deliver content that explains the revised pay policies

Implementation Timeline Example: Job Architecture Changes

- The table on this page addresses steps for implementation of the job architecture updates.

Key Implementation Priorities
Job Architecture ("JA")
Finalize / formalize JA changes to functions, families, career tracks, leveling and job title standards; make additional adjustments to comply and align with the current HCM
Finalize the mappings for each job title to a function, family, career track, and level; document the mappings in the job title catalog or appropriate template for upload into the HCM
Formalize guidelines for assigning new job titles to a function, family, career track, and job level; formalize guidelines for job title use
Submit the JA changes for approval, where needed
Map individual staff into the new system of job functions, families, career tracks and job levels; confirm each staff is assigned to the correct job title and adjust employee job titles where needed
Determine the optimum channel to and deliver content that explains the staff JA updates

Implementation Timeline Example: Salary Matrix Changes

- The table on this page addresses steps for implementation of changes in UW's pay matrices.

Key Implementation Priorities
Salary Structure
Assess the update options and determine the preferred salary matrix design update
Formalize the assignment of each UW job title to the appropriate pay grade in the preferred matrix update; compare current staff salaries to new range minimums
Inform the Recruiting team about the proposed new salary matrix and job title grade assignments
Finalize / formalize guidelines for placing employees in and moving them through a pay grade
Finalize / formalize guidelines for advancing employees into a higher pay grade
Submit the updated matrix for approval, where needed
Implement employee salary changes, where needed
Determine the optimum channel to and deliver content that explains the new salary matrix along with associated policies for its maintenance

Benchmark Studies

- Deloitte recommends UW define the desired and administratively feasible frequency of, the sources of market data used for, and the individuals responsible for conducting market studies.

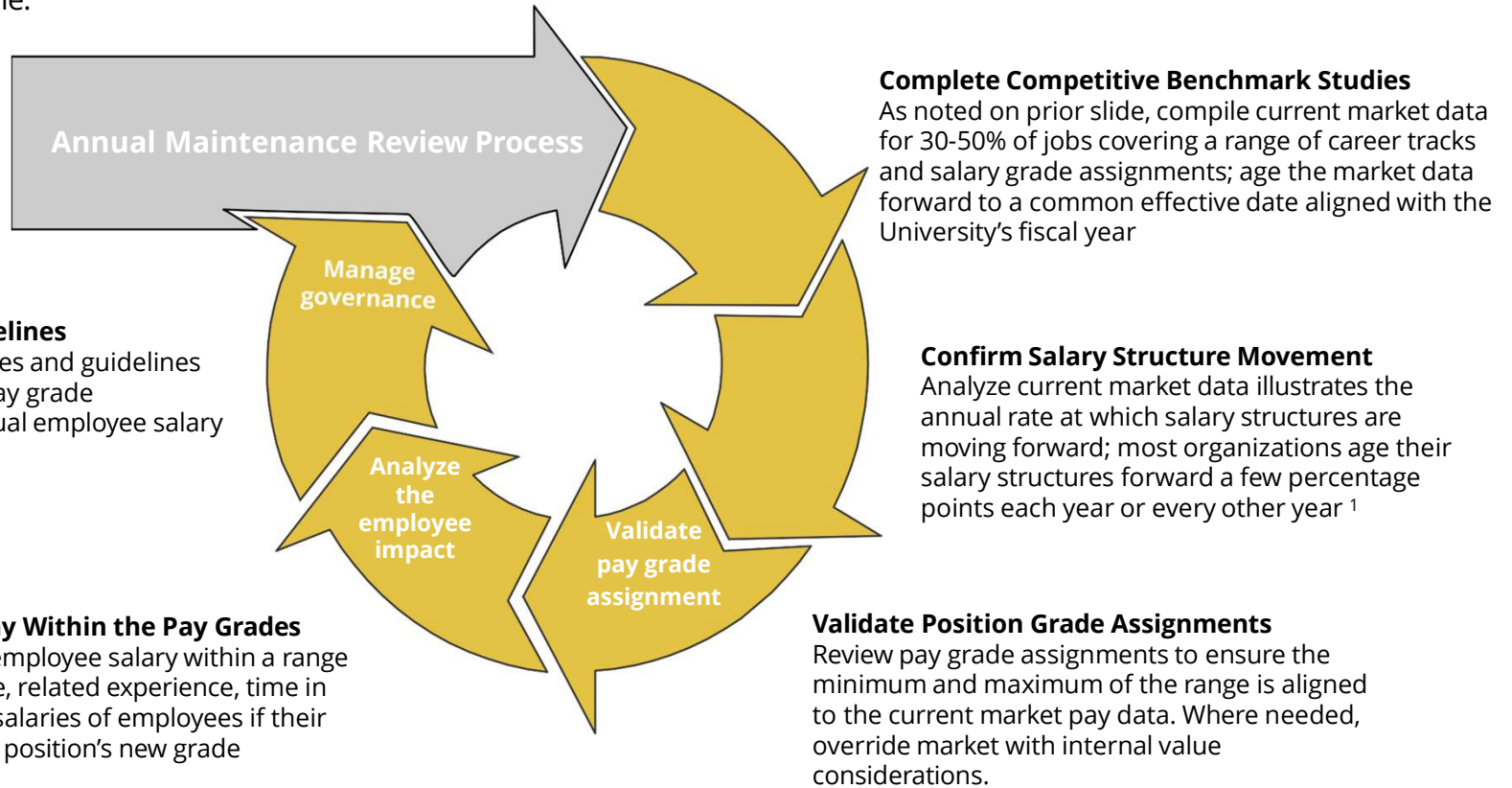|	Factors to Consider	Common Market Practice	Deloitte Recommendations
Frequency	• Frequency and timeline of pricing and pay matrix adjustments	• Conduct annual market studies [1, 2] • It is not uncommon for organizations to conduct market studies every other year due to the time and resources required	• Conduct a market study covering a representative sample of titles at least once every 2 years in conjunction with the annual budgeting process • Publish a timeline for and outline the events that will trigger market and equity reviews outside of the annual or biennial market study (e.g., responding to employee counteroffers, etc.)
Market Data Sources	• Industry data needs • Survey data coverage – number of jobs, department specialties • Survey effective date • Survey cost	• Use 2-4 sources of salary data to analyze the market and determine if pay matrix updates are needed [3] • Do not rely on a single source of market data • Incorporate general industry data into the analysis along with sector data for positions found outside of universities	• Continue using higher education and general industry surveys to conduct market studies • Use at least two published surveys that are no more than three years old • Purchase compensation surveys as often as budgets allow
Responsibility	• Entities and departments responsible for or involved in conducting market reviews for in cycle and out of cycle adjustments	• HR, Compensation department and/or Reward leaders typically lead market pay studies [1] • Job family Subject Matter Experts (SMEs) often assist with the survey job matching process	• Document that UW HR is ultimately responsible for market and equity reviews across campus • Continue to collaborate with UW SMEs to determine survey benchmark matches and review the market data findings. If needed, document this as part of the benchmark study process in associated guidelines or policies.

[1] *Empsight 2021 Policies, Practices & Merit Survey*
[2] *WorldatWork Workplace Equity Study 2020*
[3] *PayScale 2021 Compensation Best Practices*

Pay Matrix Maintenance

- The following provides a high-level overview of steps to complete each year or every-other-year to maintain the market competitiveness of a salary structure over time.

Annual Maintenance Review Process

Manage governance

Analyze the employee impact

Validate pay grade assignment

Complete Competitive Benchmark Studies
As noted on prior slide, compile current market data for 30-50% of jobs covering a range of career tracks and salary grade assignments; age the market data forward to a common effective date aligned with the University's fiscal year

Confirm Salary Structure Movement
Analyze current market data illustrates the annual rate at which salary structures are moving forward; most organizations age their salary structures forward a few percentage points each year or every other year [1]

Validate Position Grade Assignments
Review pay grade assignments to ensure the minimum and maximum of the range is aligned to the current market pay data. Where needed, override market with internal value considerations.

Update Policies & Guidelines
Review and update policies and guidelines related to determining pay grade assignments and individual employee salary position within a grade.

Manage Employee Pay Within the Pay Grades
Determine individual employee salary within a range based on performance, related experience, time in role, etc. Increase the salaries of employees if their salary falls below their position's new grade minimum.

[1] *WorldatWork Workplace Equity Study 2020*

Appendix

Appendix I: Peer Group

UW ID	College/University [1]	FY 2020 Total Operating Revenue (millions) [2]	Academic Year 2020-21 Total Students [3]	Academic Year 2020-21 FT Staff [4]	UW Confirmed Academic Peers [5]	Type of Peer Institution	Location
1	University of Nebraska-Lincoln	$704.6	25,108	6,097	x	R1, Public	Lincoln, NE
2	University of Vermont	$661.8	13,292	3,432	x	R2, Public	Burlington, VT
3	Oklahoma State University-Main Campus	$598.3	24,535	5,091	x	R1, Public	Stillwater, OK
4	Kansas State University	$591.2	20,854	4,418	x	R1, Public	Manhattan, KS
5	Texas Tech University	$570.1	40,227	5,077		R1, Public	Lubbock, TX
6	Utah State University	$559.2	27,691	3,589	x	R2, Public, Mountain West	Logan, UT
7	University of Rhode Island	$441.3	17,649	2,760	x	R2, Public	Kingston, RI
8	University of Nevada-Las Vegas	$432.7	31,142	4,459	x	Public, Mountain West	Las Vegas, NV
9	University of Nevada-Reno	$412.3	20,722	3,688	x	R1, Public, Mountain West	Reno, NV
10	Montana State University	$382.5	16,216	2,791	x	R1, Public	Bozeman, MT
11	University of North Dakota	$323.8	13,615	2,527	x	R2, Public	Grand Forks, ND
12	Boise State University	$286.5	24,069	2,752	x	R2, Public, Mountain West	Boise, ID
13	North Dakota State University-Main Campus	$244.4	12,846	2,401	x	R1, Public	Fargo, ND
14	University of Maine	$241.3	11,741	2,234		Public	Orono, ME
15	The University of Montana	$225.1	9,808	1,916		R1, Public	Missoula, MT
16	University of Idaho	$212.7	10,791	2,291	x	R2, Public	Moscow, ID
17	University of Alaska Fairbanks	$206.3	6,813	1,814	x	R2, Public	Fairbanks, AK
18	New Mexico State University-Main Campus	$202.4	14,227	2,940	x	R2, Public	Las Cruces, NM
19	South Dakota State University	$195.8	11,405	1,733	x	R2, Public	Brookings, SD

Summary							
Minimum		$195.8	6,813	1,733			
Maximum		$704.6	40,227	6,097			
25th Percentile		$233.2	12,294	2,346			
50th Percentile / Median		$382.5	16,216	2,791			
75th Percentile		$564.6	24,302	4,053			
University of Wyoming		$250.0	11,829	2,887		R2, Public, Mountain West	Laramie, WY
Percentile Rank		34%	23%	54%			

Footnotes:

[1] Deloitte's Peer Group Development Methodology: Starting with the UW identified peer groups, reviewed total operating revenue and university structure, including total number of students and staff as indicators of university size, complexity, and scope of operations. "Size comparability" for peers used for compensation program comparisons is defined as no less than one-half and no greater than three times UW's size. Ideal size peer group is around 20 universities.

[2] Source: National Center for Education Statistics (NCES); Integrated Postsecondary Education Data System (IPEDS). For further information see: https://nces.ed.gov/ipeds/use-the-data

[3] Undergraduate and graduate students. Source: UnivStats and IEPDS. For further information see: https://nces.ed.gov/ipeds/use-the-data

[4] Source: UnivStats and IEPDS. For further information see: https://www.univstats.com/staffs/

[5] Source:1 - Peer Institutions R1, R2, Peer 20. For further information see: https://uwy.sharepoint.com/:x:/r/sites/Deloitte/Shared%20Documents/General/1%20-%20Peer%20Institutions%20R1,%20R2,%20Peer%2020.xlsx?d=w8be2a985dc42407e95f30801a515364e&csf=1&web=1&e=sE9IyQ

Appendix II – Benchmark Study Methodology

Deloitte used the following methodology to help UW determine survey benchmark job matches:

- Obtained and reviewed copies of UW's job descriptions

- Accessed the market pricing tool UW uses for benchmark studies (MarketPay)

- Reviewed and confirmed the published compensation surveys UW currently owns and the applicability of those surveys to the current market equity study

- Researched and recommended additional salary surveys for the market study [1]

- Identified representative survey benchmark job matches for the UW jobs included in the study. Survey job matches were made based on a comparison of primary duties and responsibilities; matches were not made based solely on job title.

- Worked with UW's compensation team to confirm each representative benchmark match was appropriate

- Adjusted the representative matches based on UW compensation team feedback

- Obtained final approval on the representative market matches

- Confirmed the UW positions for which to compiled general industry market data

Salary Survey Sources	Survey Source Industry
2022 CUPA Administrators	Higher Education
2022 CUPA Professionals	Higher Education
2022 CUPA Staff	Higher Education
2022 Empsight International The Works	General Industry
2022 Mercer: MBD	General Industry
2022 Mercer: IHN	Healthcare Industry
2022 PayScale	General Industry
2022 Sullivan, Cotter & Associates	Healthcare Industry

[2] *See Appendix III for information about the Salary Survey Sources*

Appendix II – Benchmark Study Methodology (cont.)

Deloitte used the following methodology to compile survey benchmark data for UW:

- Identified cross-matches to each representative survey match using the surveys in UW's MarketPay library

- Compiled 25th, 50th and 75th percentile base salary market data from the survey identified as the representative job match and from each cross-match

- Adjusted the market data with discounts or premiums to enhance the alignment of the benchmark matches to the UW job description (e.g., a premium was added to the market data if a UW job requires more years of experience, leadership responsibility, education, etc. compared to the survey benchmark job description)

  – Published surveys are created to apply to a wide variety of organizations

  – Consistently applied adjustments are often applied to market data to enhance its alignment to an organization

  – The information on the right documents Deloitte's methodology discounting and adding premiums to published survey data.

Premium/Discount Methodology:

- *5%:* The survey benchmark job differs on one aspect, such as:
  – 1-2 years difference in required years of experience (YOE)
  – A small but vital duty/responsibility is missing

- *10%:* The survey benchmark job differs on one or more aspect, such as:
  – 2 or more years difference in required YOE
  – A sizeable duty/responsibility is missing

- *15%:* The survey benchmark job does not match the level of the organization's job;

  The following illustrates the application of a premium:
  – An organization requires at least 7 years of experience and full people management responsibility for its Sr Manager – Finance.
  – A survey contains a benchmark job for a Finance Manager that requires 5 years of experience and team lead responsibilities.
  – The survey does not contain a Sr Finance Manager benchmark job.
  – **Apply a 15% premium to the Finance Manager benchmark job.**

Appendix III - Benchmark Study Salary Survey Sources

General Industry Surveys
Empsight International, LLC: The Works 03/01/2022
Mercer: MBD - Finance, Accounting, and Legal Report 03/01/2022
Mercer: MBD - Information Technology Report 03/01/2022
Mercer: IHN - Module 6B - Physician Practices/Clinics 03/01/2022
Mercer: IHN - Module 9A - Advanced Practice Clinicians and Nursing 03/01/2022
PayScale: Company Sourced National Survey 10/01/2022
Sullivan, Cotter & Associates: Health Care Staff Compensation Survey Report 01/01/2022