Proposal for Compensation Adjustments for Rockhurst University

DESCRIPTION OF INITIATIVE: In 2009, the University selected The Hagedorn Institute to conduct a salary survey to assess the status of Rockhurst University salaries with the market. The following observations / recommendations were made. RU actions to-date in response to these 2009 recommendations are noted in parenthesis.

- Staff pay grades can be updated at very little expense (have been hiring above minimum anyway.) Pay grades for information technology will change most. (Salary adjustments to staff pay grades were completed 7/1/2009)
- Department of Campus Safety and Security positions should be placed in different pay grades. (Completed 7/1/2009)
- Helzberg School of Management faculty salaries need attention.
- Both College of Arts and Sciences and School of Graduate and Professional Studies are attempting to meet market when hiring, but salary disparities increase over time and are greatest at senior Associate Professor and Professor levels.

In January 2010, the Rockhurst Planning and Budgeting Committee proposed a 3% merit pool along with a 1% adjustment pool ($209,678) to be used to adjust the most problematic salary issues.

As such, the Director of Human Resources along with the Vice President for Finance and Administration conducted an analysis of current salaries in order to determine how to best use the adjustment pool. The following analysis and conclusions included:

- Initially, we reviewed the salaries for employees below 85% of market. While there were some large dollar amounts necessary for bringing a few people to 85% of the market, these increases did not affect very many individuals and did little to systematically address the issues regarding salaries for associate and full professors, information technology employees, and skilled trade employees.
- Consequently, we expanded our study to include individuals with five or more years at Rockhurst who are still not at the market rate. Unfortunately, Rockhurst is financially incapable of providing such substantial adjustments to this pool of faculty and staff.
- Finally, we evaluated under market salaries for faculty and staff that have been with the University for 10+ years.
Based on this three-step analysis, we recommend:

- Adjust salaries of employees under 85% of market up to 85% or $2000 whichever is less.

- For additional adjustments, assume the following:
  
  - Theoretically, faculty/staff should not ALL be at the market rate (100% of market or midpoint) as the longer someone is with the organization, the higher he/she should be in the salary band.
  
  - Ideally, staff and faculty should progress through their bands at a rate of at least 1% per year.
    
      - **Option A1**: Both faculty and staff will progress through their bands at a rate of 1% per year.
    
      - **Option A2**: To account for the difference in the faculty and staff populations – specifically, that the average number of years in service for staff is 11.87 while the average number of years in rank for faculty is 5.86 – faculty will progress through their band at a faster rate, \((10/6)\% = 1.67\%\) per year and staff will still progress through their band at a rate of 1% per year.

  - Faculty and Staff salaries should be reviewed for adjustment after **Option B1: 10 years of service** or **Option B2: 8 years of service**. Years of service would be used in the formula for staff. For faculty years of rank would be used in the formula although years of service would be used as a starting point to determine whether or not an increase was given. Rank is used as part of the formula as faculty have an opportunity for promotion between assistant, associate and full professor while staff do not have that opportunity.

  - The formula for determining a “target rate” is as follows and would be used for qualifying (under Option B1 or Option B2) faculty and staff:
    
    - **Option A1**:
      
      - **Faculty Formula**:
        
        Market + ((Years in Rank – 10)* (.01 X Market))
      
      - **Staff Formula**:
        
        Grade Midpoint + ((Years of Service – 10)*(.01 X Grade Midpoint))
Option A2:

- **Faculty Formula:**
  \[
  \text{Market} + (((10/6) \times \text{Years in Rank} - 10) \times 0.01 \times \text{Market})
  \]

- **Staff Formula:**
  \[
  \text{Grade Midpoint} + ((\text{Years of Service} - 10) \times 0.01 \times \text{Grade Midpoint})
  \]

  - Individual Adjustments would be capped at $2,000 per year or as budget dictates
  
  - Targets for faculty or staff members will not exceed 110% of the market/grade midpoint. So faculty or staff members who reach 110% of the market/grade midpoint will not receive an adjustment.

  ➢ If an individual is not going to receive an adjustment increase because of performance issues, the extra monies should be used to provide additional compensation to those still under 85% of market.

**PURPOSE:** What is the aim/goal/outcome of the proposed initiative? What strategic direction (of the University Strategic plan) is supported by this outcome? What need is being addressed by this proposal and how was that need determined?

The purpose of this initiative is to bring our faculty and staff salaries closer to the market. The proposal suggests that we provide additional increases for those individuals who are below 85% of the market followed by increases for those who have been here 10 or more years who are not yet at the market rate. This shows a good faith effort on the part of the University to employ the 2009 compensation analysis to begin addressing faculty and staff salary disparities.

The initiative supports **strategic direction #10** that asks the University to “identify resources and develop programs to celebrate and build up the gifts and talents of Rockhurst faculty and staff.”

**RESOURCES:** What resources are being requested to support this initiative (financial, personnel, administrative support, equipment, facilities, etc)? Are the requested resources new or reallocated? What new revenues might be expected from this initiative? What
resources are required to sustain the initiative after the first year of implementation? Please include a detailed budget.

As the budget allows, 1% or more of the salary budget should be set aside annually for salary adjustments so that we may move towards meeting the salary market. The proposed adjustments for faculty and staff for 2010 are attached.

IMPLEMENTATION: Who is responsible for the implementation of the proposal? What is the timeline for implementation?

The Director of Human Resources in cooperation with the Vice President for Finance and Administration, The Vice President for Academic Affairs and the Controller are responsible for implementing the salary increases. Increases for faculty and staff will typically take place in October of each year.

The Rockhurst Planning and Budgeting Committee is committed to evaluating salary adjustments on an annual basis. As such, the RUPBC is charged with assuring that a compensation analysis takes place on regular basis. Annually, the Human Resources Director will review salary information, identify deficiencies, and recommend action[s] to the VP for Finance and Administration and Vice President for Academic Affairs. As needed, a consultant may be used to assist in this process. The Rockhurst Planning and Budgeting Committee will review the salary adjustment proposal and make recommendations for changes or approval.

IMPACT/EVALUATION: What is the projected impact of this proposal? Who will benefit from this initiative and how? By what means will the progress of this initiative be evaluated and reported? What are the criteria for success?

While bringing all faculty and staff to market rates will be a slow process, reviewing and appropriately adjusting the lowest salaries on an annual basis helps Rockhurst retain valuable employees, address the salary compression issues of long term employees, impact employee morale in a positive way and allow Rockhurst to recruit for top candidates for job opportunities.