

# Market-Based Pay System

## Staff, Administrators & Department Chairs

HRSTM – Class and Compensation

January 2023

# Contents

- Overview
- Total Rewards Compensation Model
- Market-based Pay Structure
- Market Pricing Methodology

# Overview

- Implemented in January 2018.
- MC's pay structure is reviewed periodically and fine-tuned where appropriate to accommodate the evolution of MC's jobs and market changes.
- Base pay market data provides the foundation for our pay structure - grades and pay ranges.
- Benchmark jobs are aligned in the pay structure based on market pay rates.
- All other jobs are “slotted” into the pay structure based on whole job comparison.

# Total Rewards Compensation Model

- MC is committed to sound stewardship and financial sustainability.
- A market-based compensation strategy achieves both.
- Salary is just one component of MC’s total compensation package.
  - Base pay and benefit contributions are the largest components.
  - Benefits components include:

<b>Benefits Components</b>	
Health Insurance	Recognition Awards
Wellness Program	Educational Assistance
Flexible Savings Accounts	Faculty & Staff Assistance
Vacation/Sick/Personal Leave	Professional Development/Sabbatical
Holidays	Retirement

# Market-based Pay Structure

- Pay grades depict the applicable range of pay for jobs and contain reference points – minimum, midpoint and maximum – for guidance.

<b>Grade</b>	<b>Minimum</b>	<b>Midpoint</b>	<b>Maximum</b>
15	\$36,192	\$45,240	\$54,288
13	\$33,530	\$41,912	\$50,294

- Midpoint denotes the pay rate associated with an incumbent that possesses all the required skills and experience and has demonstrated the ability to competently perform all the functions of the job.
- The difference between grades denotes a significant change in knowledge, skills, abilities, qualifications, and expected level of contribution.

# Market-based Pay Structure

Pay grades within a job hierarchy may not progress sequentially

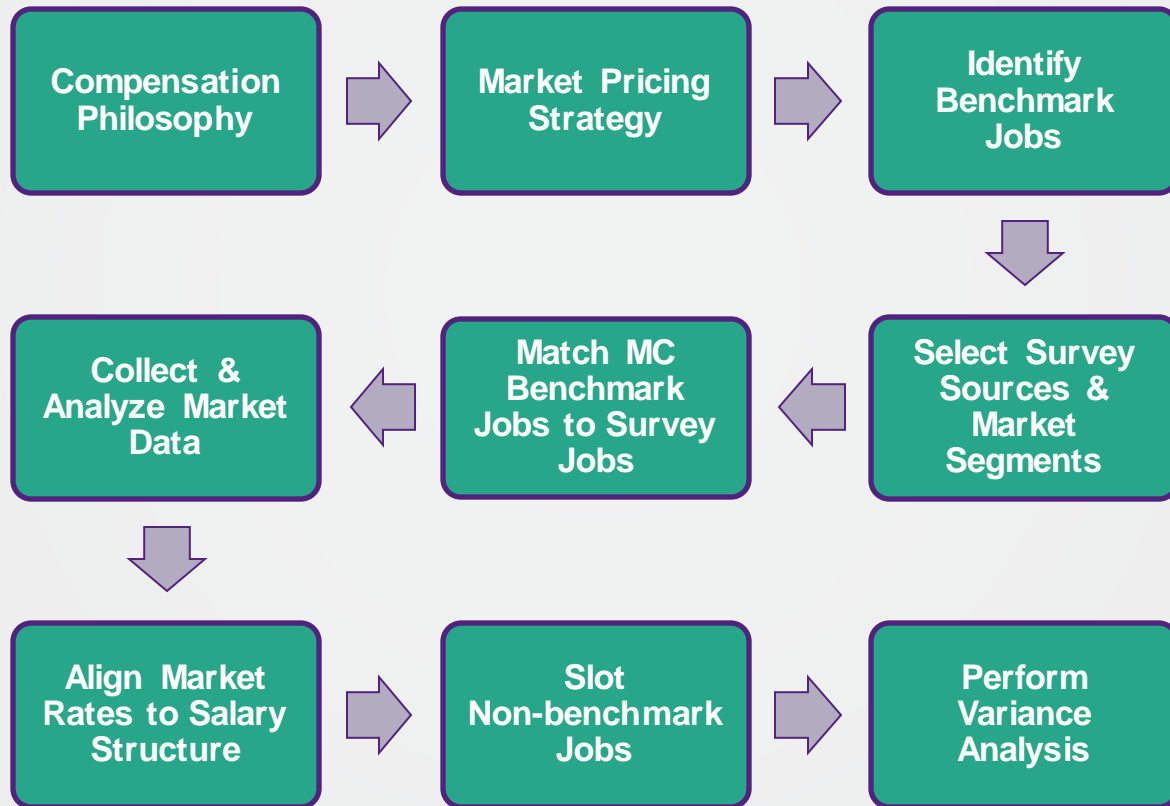


Assistant I,  
Grade 13

Assistant II,  
Grade 15

Assistant  
Supervisor,  
Grade 19

# Market Pricing Methodology



# Compensation Philosophy

- External organizations typically define a compensation philosophy that best fits their culture and aligns with their mission.
- MC's compensation philosophy:
  - Competitive level of compensation that reflects individuals' contributions and attracts and retains talented individuals.
  - Considers both external market factors and internal alignment.
  - Total compensation components include: base pay, benefits, personal and professional development.





# Market Pricing Strategy

- Examine the external labor market to assess the College's market position against relevant labor markets.
- Choose data sources and market segments that represent MC's competitive marketplace.
- Collect and review data.
- Slot jobs into the salary structure based on:
  - External (market) data - salary survey pay range midpoints of like-paying jobs are assigned to a single pay grade.
  - Internal alignment - jobs are grouped into like classes - similar duties, responsibilities, knowledge, skills and abilities, and, required qualifications.

## Benchmark Jobs

- Jobs commonly found across organizations and provide a standard point of reference for making pay comparisons.
- MC's benchmark jobs:
  - Represent a cross section of our workforce
  - Are easily matched to external survey data
    - Similar job responsibilities and requirements
    - Likely to yield reliable, relevant and robust data
- Examples: accountant, administrative aide, building services worker, dean of instruction, librarian II, manager IT, training and development coordinator, professor

# Survey Sources

- Quality survey data is paramount.
  - Professional surveys:
    - Reputable third-party professional organizations ensure the accuracy and confidentiality of the data.
    - Job summaries contain enough content to make a relevant job match.
    - Robust survey data – numerous participants and incumbents are reported.
    - Data integrity – data is thoroughly reviewed; only relevant data is reported.
  - Custom surveys usually target a specific group of employers or certain information.

## Survey Sources *(cont'd.)*

- Professional salary surveys versus publicly available data:
  - Professional survey data is more credible, reliable, robust, and, has been validated.
  - Public data is typically reported in “groupings” versus specific roles, provides limited guidance in terms of reporting criteria, and, is sometimes self-reported.

# MC's Survey Market Segments

- Staff
  - Academic institutions
  - Private sector – general industry
  - Public sector – Montgomery County Government and Montgomery County Public Schools
- Faculty
  - Academic institutions

## MC's Survey Market Segments (*cont'd.*)

- Academic (higher education) peer institutions similar in size, student population, Carnegie classification, offerings, and other characteristics:
  - Accredited by Middle States Commission on Higher Education
  - Other two-year institutions with a similar profile
  - Local area higher education institutions
- Geographic area – local, regional, national

## Match MC's Jobs to Survey Data

- Employee position descriptions are the foundation for creating MC's job class specifications.
- Job class specifications are matched to external survey job summaries:
  - Review job content, including responsibilities, knowledge, skills, experience, qualifications, etc.
  - Rarely is there an exact match.
  - Consider the “degree of match” - at least 80% comparability in terms of scope of responsibilities and job requirements is a good match.

## Job Slotting Using Market Data

- MC’s goal is to align pay range midpoints with the market median and to ensure comparable jobs within the College are paid consistently.
- Example:
  - Assistant I – base pay market median = \$43,000
  - Market median is aligned to closest midpoint in MC’s salary structure

<b>FY21 Salary Schedule - Non-bargaining and Bargaining Staff</b>						
<b>Effective July 1, 2020</b>						
	<b>Salary Structure (Annual)</b>			<b>Salary Structure (Hourly)</b>		
<b>Grade</b>	<b>Minimum</b>	<b>Midpoint</b>	<b>Maximum</b>	<b>Minimum</b>	<b>Midpoint</b>	<b>Maximum</b>
15	\$36,192	\$45,240	\$54,288	\$17.40	\$21.75	\$26.10
13	\$33,530	\$41,912	\$50,294	\$16.12	\$20.15	\$24.18

- Assistant I market median aligns with grade 13 in MC’s salary structure.




## Slot Non-benchmark Jobs

- MC's job class specifications for non-benchmark jobs are compared to MC benchmark jobs based on job-related factors such as knowledge, skills, abilities, scope, autonomy, complexity, decision-making and supervisory responsibility.
- MC's non-benchmark job is "slotted" in the grade associated with the benchmark job(s) it most closely aligns with.
- Jobs are aligned to reflect internal worth and the appropriate relationship to one another.

## Slot Non-benchmark Jobs – Illustration

Job	Market Rate	Salary Structure Midpoint	Grade
Job A	\$43,000	\$41,912	13
Job B	\$45,000	\$45,240	15
Job C	\$46,000	\$45,240	15

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- Job D is a non-benchmark job with no market data available.
  - Job D's knowledge, skills, abilities, scope, etc. are similar to those of Job C.
  - Job D will be slotted into grade 15 based on internal alignment with job C.