Comp U—Montgomery College

2017

Prepared by Aon Hewitt
Talent, Rewards & Performance | Broad-Based Compensation

Presentation to Montgomery Community College

Learning Objectives

The learning objectives for the Compensation 101 course are as follows:

- Explain Montgomery College's Compensation Philosophy
- Describe the importance of accurate and thorough job documentation
- Describe the various approaches of determining the value of a job balancing internal and external value
- Define market pricing and discuss the processes taken to market price a job
- Describe the importance of a salary structure and its purpose

Table of Contents

Compensation Strategy

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Linking Compensation Strategy to Organization Strategy

Implementation

Supporting Strategy

Organization Strategy

Culture

Global
Economic
Government Political Regulation
Competition
Technology
Stakeholders

Facilities

Financial

Operations

Human Resources

- Recruitment Staffing
- Development
- Compensation
- Benefits
- Communication
- Labor Relations

Introduction to Organization Strategy
Different Types of Strategies

How an institution decides to use compensation to attract, retain, motivate, and reward employees in supporting the business and human resource strategy

The science and art of employing the political, economic, and psychological forces of a group to afford the maximum support adopted policies; a careful plan or method; the art of devising or employing plans toward a goal
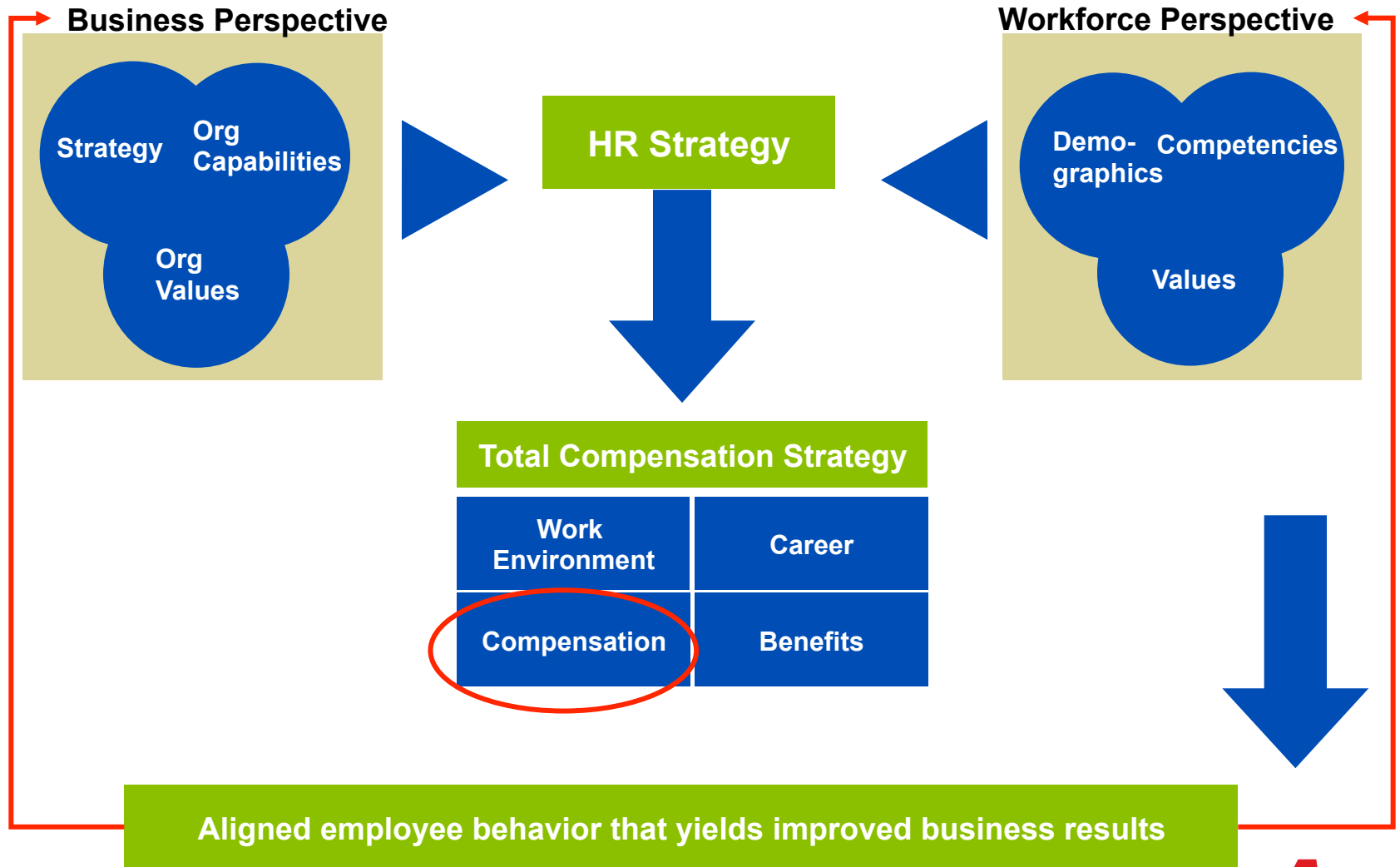
Compensation Strategy

General Strategy

Human Resource Strategy

Organization Strategy

How an institution decides to manage human assets and provide basic HR services

What an institution decides to do to create value

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A Guiding Framework

Business Perspective

- Strategy
- Org Capabilities
- Org Values

HR Strategy

Workforce Perspective

- Demo-graphics
- Competencies
- Values

Total Compensation Strategy

Work Environment	Career
Compensation	Benefits

Aligned employee behavior that yields improved business results

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Total Compensation Management

Total Rewards

Financial Rewards

Non-Financial Rewards

Direct

Indirect

Career Value

Work Content

Affiliation

Pay including base salary, allowances, variable pay, and institution ownership.

Health care and other welfare benefits, paid time off, provident and pension funds, perquisites (i.e. cars, phones), loan subsidies, and recognition.

Opportunity for personal growth, capability improvements, organizational advancements, and employment security.

Quality of work itself including the variety, challenge, autonomy, and meaning. By extension, this includes the quality and impact of performance feedback.

Rewards that accrue from association with the organization (i.e. sense of status, access that the organization provides to colleagues/other groups of people).

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Developing a Compensation Strategy

- Compensation Strategy: How an institution decides to use compensation to attract, retain, motivate, and reward employees in supporting the organization and HR strategy

- It is a written statement of compensation philosophies and objectives that are:
    - Consistent with organization strategy and desired culture
    - Direction for administration and design
    - Basis for communication
    - Standard for program evaluation and monitoring

- Key philosophy topics include:
    - Key organization objectives and strategies
    - Key financial and/or operational measures
    - Behaviors that employees need
    - How pay can support the organization and culture

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Developing Montgomery College's Compensation Philosophy

Process to develop Montgomery College's Compensation Philosophy included:

- Leadership input

- Draft Compensation Philosophy

- Refinement of Compensation Philosophy based on feedback from leadership

- Gathered additional feedback from multiple councils college wide

- Developed final version and gained approval from senior leadership

Note: The College's Compensation Philosophy can be found on the HRSTM's website on the Classification and Compensation page.

Montgomery College Compensation Philosophy

Montgomery College seeks to provide every employee a competitive level of compensation that reflects his or her individual contribution to the College's mission of empowering students to change their lives and enriching lives in the community. We achieve this mission by providing a total compensation package including base pay, benefits, personal and professional development, and the intrinsic value of working in an education environment. Being a destination employer means, in part, providing a competitive total compensation package that retains and attracts the best people. Montgomery College is committed to sound stewardship over available total reward resources for every employee. This compensation philosophy presents the key objectives and principles that guide the way Montgomery College employees are rewarded and recognized for taking part in the College's mission.

Compensation Objectives
- Establish compensation levels for positions on the basis of their relative internal worth and external competitiveness within relevant labor markets
- Reward employees on the basis of work performance
- Communicate compensation information to maximize employee understanding and appreciation of each reward element in the context of the total compensation package
- Administer pay equitably and consistently and in a way that is simple and understood by employees
- Establish a compensation policy that is consistent with judicious expenditures of funds entrusted to the College
- Develop reward structures, programs, and practices that will facilitate and support other HR processes including staffing, succession planning, labor relations, performance management, and career development
- Maintain appropriate controls to ensure that all compensation is structured and delivered free from inappropriate bias or wrongful discrimination
- Promote fairness, equal opportunity, and support of the institution's diversity goals, and comply with all applicable federal and state laws and regulations

Intangible Rewards
- Meaningful and challenging work
- Opportunities to grow and develop
- Environment/culture of respect, integrity, College's core values, work/life balance
- Safe, pleasant work environment
- Intellectual, rigorous environment

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Position Descriptions

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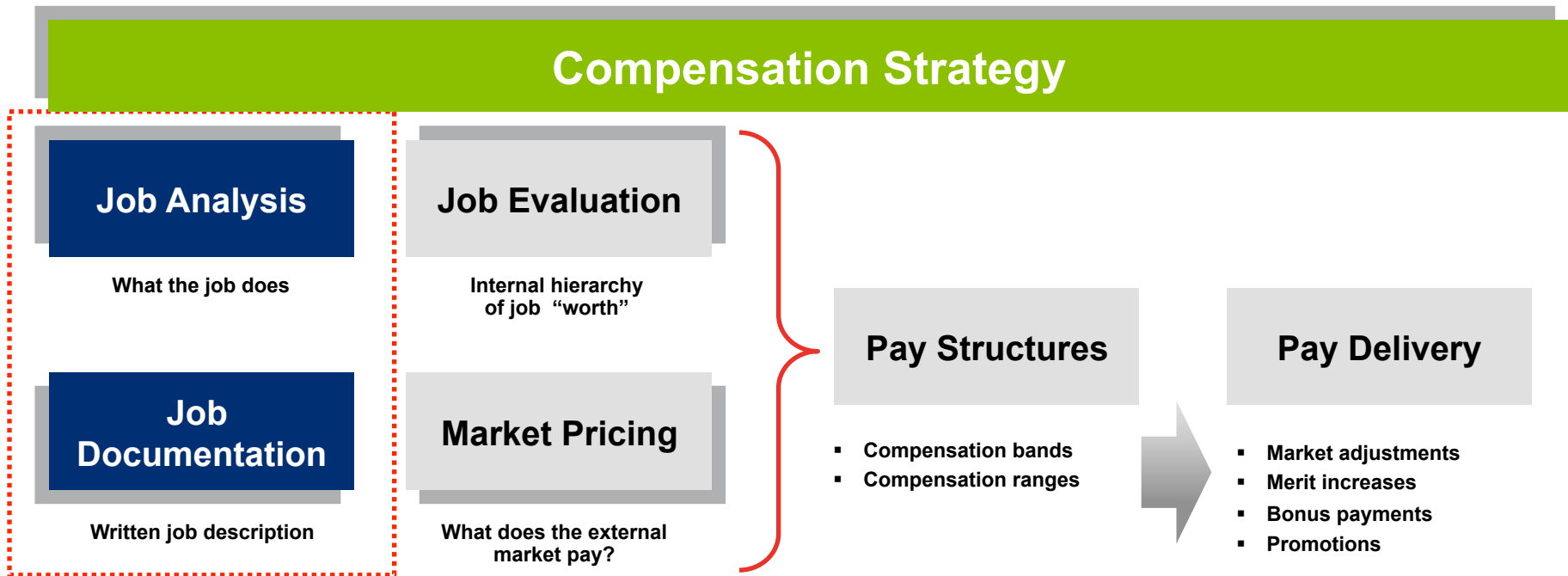# Overview

- Why Job Documentation?
- Guidelines for Writing Position Descriptions
- Tips and Resources for Maintaining Job Description

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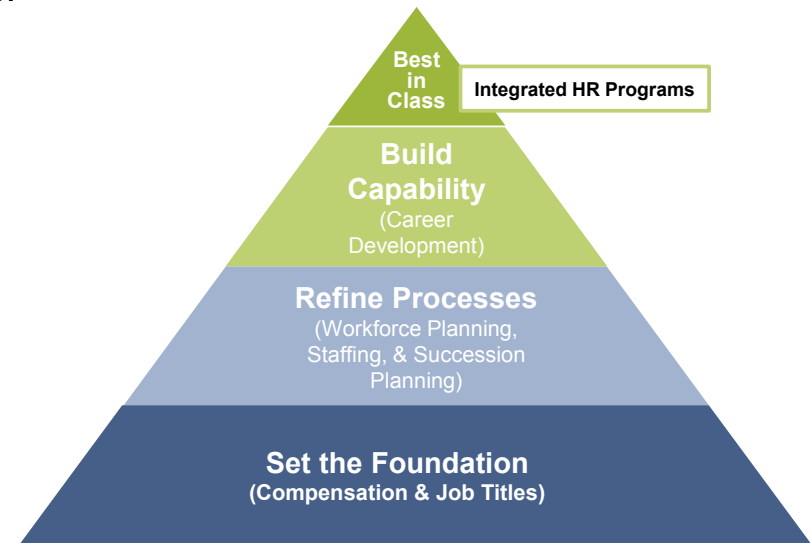# *Why Job Documentation?*

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Job Documentation as a Component of Compensation

Job documentation provides the foundation for an integrated HR infrastructure by enabling us to categorize jobs into classes, levels, and ultimately, an organization-wide job framework. This job framework will serve as the basis for creating a range of HR initiatives such as career paths and a compensation structure.

Compensation Strategy

Job Analysis

What the job does

Job Documentation

Written job description

Job Evaluation

Internal hierarchy of job "worth"

Market Pricing

What does the external market pay?

Pay Structures

- Compensation bands
- Compensation ranges

Pay Delivery

- Market adjustments
- Merit increases
- Bonus payments
- Promotions

Why Job Documentation?

- Job documentation is the primary source of information when beginning to determine the value of work; it provides the foundation for determining the internal value of jobs or helps match jobs to the market with salary surveys

- Organizations use job documentation for many purposes:
  - Determining internal job worth
  - Matching internal jobs to external salary surveys
  - Describing a job to applicants
  - Identifying career paths and succession planning
  - Identifying training needs
  - Determining the qualifications an individual must have for the job
  - Helping to identify the organization's design, reporting relationships, and contacts
  - Ensuring proper governance and compliance with regulatory requirements
  - Describing work standards or setting expectations for performance in the performance review process

Best in Class — Integrated HR Programs

Build Capability (Career Development)

Refine Processes (Workforce Planning, Staffing, & Succession Planning)

Set the Foundation (Compensation & Job Titles)

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Job Documentation Challenges

- Keeping the documentation updated
- Convincing managers of their value
- Avoiding narrowly defined jobs
- Avoiding duplication of job documentation across the organization
- Training non-HR employees to prepare them

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Guidelines for Writing Position Descriptions

General Guidelines for Writing Position Descriptions

- Statements should be as thorough and specific as possible—assume the reader has no knowledge of the job, what it takes to do the job, and no understanding of the institution's programs or processes

- Statements containing special jargon or abbreviations should be avoided or defined within the statement

- Statements should contain detailed examples of specific activities which demonstrate actual work or projects performed by the employees in the job; this is essential to understanding the actual work performed

- Statements should be clear in describing the specific roles and responsibilities

- Statements should focus on the current work actually being performed—not on what the job might look like in the future or what the manager thinks the incumbent should be doing

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Tips and Resources for Maintaining Job Documentation

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Action Words

Word	Definition
Administer	Manage or direct the execution of affairs.
Advise	Recommend a course of action; offer an informed opinion based on specialized knowledge.
Aggregate	Accumulate and put into order.
Analyze	Separate into elements and critically examine.
Approve	Accept as satisfactory; exercise final authority with regard to commitment of resources.
Assess	Determine/document importance, size, or value.
Assign	Specify or designate tasks or duties to be performed by others.
Authorize	Approve; empower through vested authority.
Code	Write computer language.
Conduct	Carry on; direct the execution of.
Control	Measure, interpret, and evaluate action for conformity with plans or desired results.
Coordinate	Regulate, adjust, or combine the actions of others to obtain harmony.
Counsel	Advise and consult based on subject knowledge.
Debug	Find and remove errors (esp. in computer code/programming).
Design	Conceive a plan of action.
Develop	Disclose, discover, perfect, or unfold a plan or idea.
Direct	Guide work operations through the establishment of objectives, policies, rules, practices, methods, and standards.
Draft	A preliminary sketch, version, or plan.
Enter	Type into a computer system.
Edit	Revise a written document for content and/or style.
Evaluate	Determine or fix the value of.
Expedite	Accelerate the process or progress of.

Action Words

Word	Definition
Implement	Carry out; execute a plan or program.
Investigate	Systematic examination to find information.
Maintain	Keep in an existing state.
Manage	Oversee the execution of tasks, a department, or a function; direct work, allocate resources, approve performance and results.
Measure	Determine the dimensions, quantity, or capacity.
Monitor	Compare/audit, usually against pre-determined metrics.
Negotiate	Confer with others with an eye to reaching agreement.
Operate	Perform an activity or series of activities.
Oversee	Supervise, direct, inspect, or guide the work of others with responsibility for meeting standards of performance.
Perform	Fulfill or carry out some action.
Plan	Devise or project the realization of a course of action.
Recommend	Advise or counsel a course of action; offer or suggest for adoption.
Review	Evaluate and inspect work outputs or performance.
Research	Systematic investigation to find an answer(s).
Schedule	Plan a timetable.
Supervise	Oversee, direct, inspect, or guide the work of others with responsibility for meeting standards of performance.
Test	Determine whether a plan/project/process will be successful.
Train	Teach or guide others in order to reach a predetermined standard.
Verify	Confirm or establish authenticity; substantiate.
Write	Compose a document.

Sample Position Description – (With Opportunities for Improvement)
Instructional Associate

Department/Unit: Mathematics Dean
Supervisor:
Supervisor Title:
Submitted Date:
Approval Date: 7/4/2012
Approval By:

Section I

Key Work Responsibility 1: 85.00%

Provide instructional assistance to mathematics, accounting, physics, and engineering students

Key Work Responsibility 2: 4.00%

Help support and maintain a safe, secure, and effective Math, Accounting, Physics, and Engineering Learning Center

Key Work Responsibility 3: 2.00%

Assist in providing information about the MAPEL Center to the Montgomery College student body

Key Work Responsibility 4: 5.00%

Assist in training, scheduling, and valuation of student assistants

Key Work Responsibility 5: 2.00%

Provide Montgomery College students with information about mathematics, accounting, physics, and engineering resources

Key Work Responsibility 6: 2.00%

Communicate with faculty and staff at Montgomery College about ways to enhance the education of students

Section II

Working Relationships:
List below the titles of people or groups inside our outside the organization that you regularly contact as part of your job. Do not include your supervisor and employees you may supervise.

Regular Dealings With:	Frequency:	Purpose
Faculty	Weekly	Communication and coordination of educational support for students
Staff	Weekly	Communication and coordination of educational support for students
Students	Daily	Instruction and other academic support

Working Conditions:
Describe any dangerous conditions, usual physical demands, and/or unpleasant working conditions connected with your job and how these affect you.

Physical Requirements:
Indicate any physical requirements of the job, such as significant and unusual walking, lifting, climbing, bending, kneeling, stooping, crawling, reaching, handling, standing, pushing, and pulling. (Specify lbs. lifted.)

Machines, Hardware/Software Tools, etc.:
Machines, Hardware/Software Tools, chemicals and Equipment Used: List types or names and indicate percent of time spent on each. Percent needs to not total 100. Identify the items for which you are assigned maintenance responsibility.

What is the most complex part of your job?
Effective coordination of all responsibilities in order to provide most effective service for students

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Sample Position Description
Instructional Associate

Impact:

Describe how the work you do helps your organization (division, department, etc.). In what ways can your work performance improve operation, for example, increase effectiveness of services, reduce or control costs, or prevent losses?

The services provided by the MAPEL Center are critical for the academic success of students studying math, accounting, physics or engineering at Montgomery College. The MAPEL Center provides these students with one-on-one academic assistance almost any time of the day. Students may drop in and receive help or make an appointment. The Center provides these students with free tutoring from highly qualified and trained student tutors, full and part-time staff, and math, physics and engineering faculty. The MAPEL Center services are accessible - particularly for those Montgomery College students who hold jobs. The MAPEL Center is open from 9 am - 9 pm Mondays to Thursdays; from 9 am - 5 pm Fridays and Saturdays, and from 11 a.m. - 2 p.m. on Sundays, creating ample opportunities for students to receive one-on-one tutoring. There is not fixed time limit to how much time students can work with a tutor; our tutors are available based on overall Center demand. Not only students from Germantown, but also students from Rockville and Takoma Park come to use our services. In addition to providing one-on-one tutoring we provide space and resources for study groups and individual studying.

What kind of errors or mistakes can occur in your position?

Miscommunication with students could result in conceptual misunderstandings.

What are the probably results of such errors or mistakes?

Student conceptual misunderstandings and/or unpleasant experience.

How are such errors or mistakes prevented or corrected (e.g., review by supervisor)? Are there written guidelines or rules you are required to follow in these areas?

Initial and ongoing tutor training and regular communication with supervisor.

Section III

Qualifications: Minimum Education

Indicate the level of education that a person would be expected to have in order to qualify for the position (that is, performance on the first day of work). This education can be acquired through home study, special courses or in ways other than the usual academic process. The level required, however, should be expressed in terms of years of academic study and degree in order to provide a uniform basis for analysis. (If education beyond the minimum required is considered desirable but not essential, enter the additional amount but indicate that is not part of the basic requirement).

Bachelor's degree in mathematics, physics, engineering or related field (Master's preferred). Some educational background in accounting or business preferred.

Qualifications: Specialized Training

Identify required special courses during formal education, as well as through additional specialized training, that are considered essential to qualify for the position. Also identify any special licenses (operator, chauffeur, and so forth) or certificates required.

Qualifications: Minimum Work Experience

Identify the occupations or fields of specialization in which experience, if any, is needed in order to qualify an individual for the position. Also enter the minimum desirable amount of such experience, expressed in years.

Kind of Experience:	Number of Years:
Teaching/tutorial experience desirable	3

Qualifications: Required Knowledge, Skills, & Abilities:

Please specify any minimum KSAs required (e.g., ability to communicate orally and verbally, etc.).

Additional Information:

Supervisory Responsibility:

If the following list is inaccurate or if you supervise temporary employees, trainees, student aides, or volunteers, please write your clarifications and additions in the Other Supervisory Responsibilities text box.

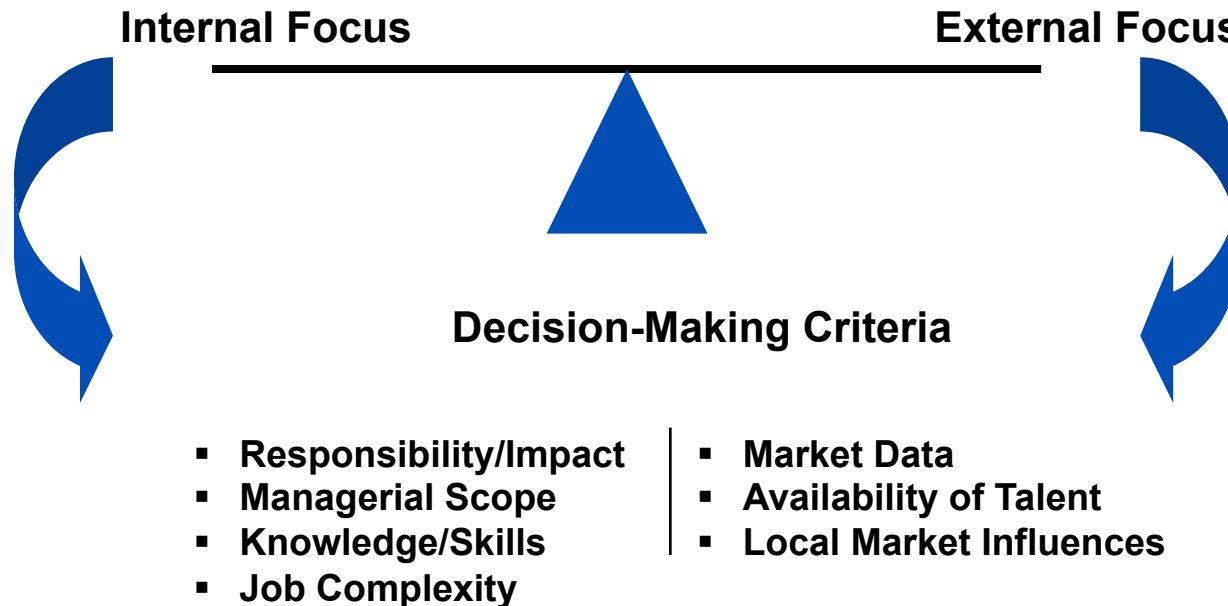*Oher Supervisory Responsibility:*

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Job Evaluation

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Overview

- What Is Job Evaluation?
- Market Context for Job Evaluation
- Job Evaluation Alternatives

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What Is Job Evaluation?

… the **PROCESS** of determining the **RELATIVE RELATIONSHIP OR VALUE** of jobs or work within the organization

Internal Focus   **External Focus**

Decision-Making Criteria

- **Responsibility/Impact**   - **Market Data**
- **Managerial Scope**   - **Availability of Talent**
- **Knowledge/Skills**   - **Local Market Influences**
- **Job Complexity**

Why Job Evaluation?
- Understand the internal value and external (market) value of positions
- Ensure jobs are aligned appropriately within the College's salary structure
- Ensure equitable pay for jobs

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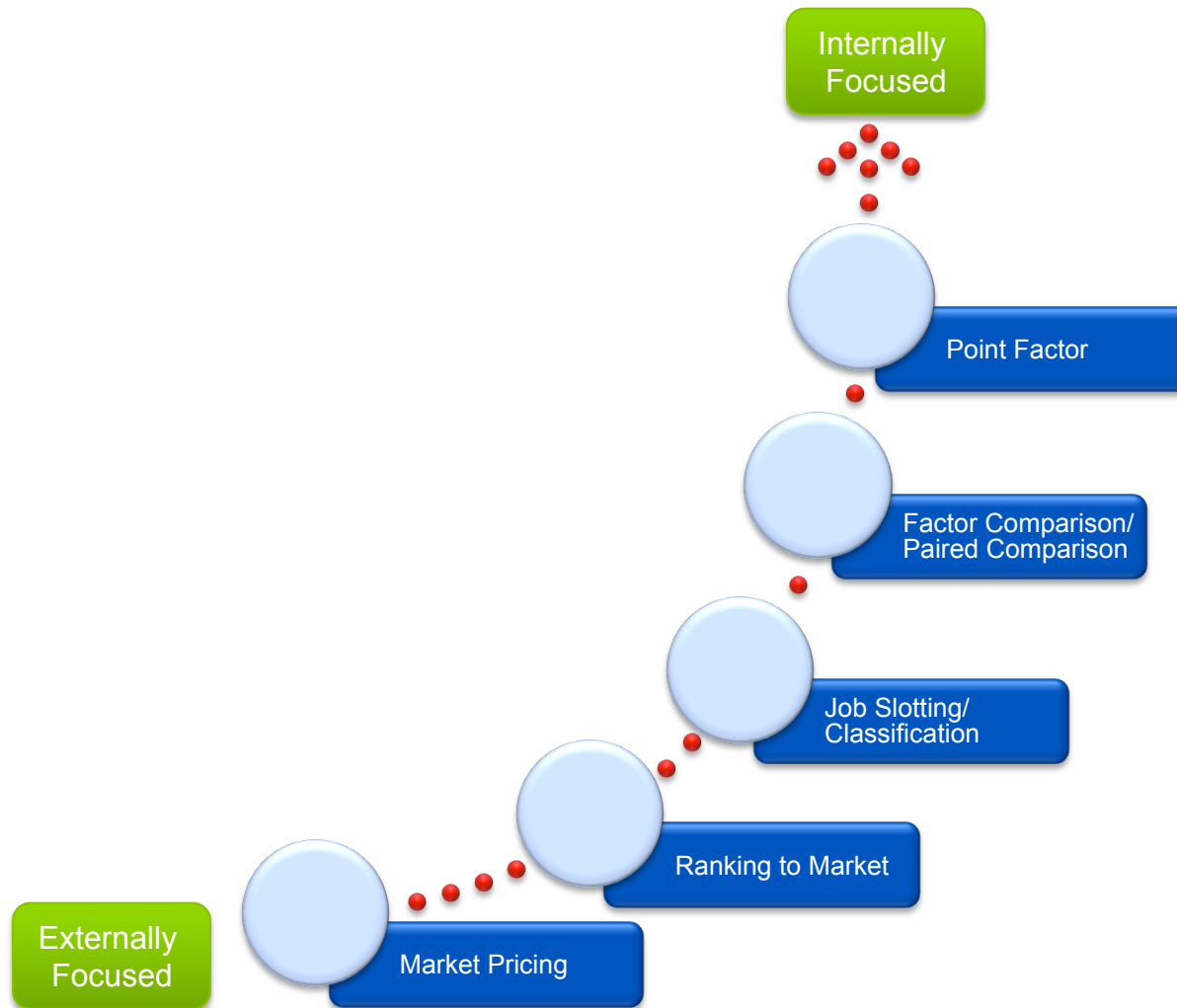# Considerations for Selecting a Job Evaluation Method

- Organization culture
- Internal vs. external focus
- Availability of market data
- Types of jobs (i.e., technical, support, professional)
- Resources for administration
- Ease of communication
- Defensibility needs

What's Happening in the Market

Current Practices in Job Evaluation

- Starting in the mid-1980's, U.S. companies moved away from internally focused job evaluation systems to externally focused market pricing systems

  – Higher education has been slower to move toward an externally focused job evaluation approach

- The shift from an internally focused to externally focused job evaluation systems has occurred due to:

  – Rapid evolution of technology and high rates of mergers, acquisitions, and spin-offs made it difficult to maintain current evaluations of ever-changing configurations of work

  – The rise of the "knowledge worker" made the hierarchical logic of traditional job evaluation less relevant … "person-based" versus "job-based" pay became popular

  – Rapid changes in demand for "hot jobs" made internal value of work less important than market pay rates

  – Downsizing and decentralization of HR staff made labor-intensive approaches to job evaluation a challenge

  – A general trend toward managerial empowerment and self-service in HR decision-making

Alternative Approaches to Job Evaluation

Internally Focused

Point Factor

Factor Comparison/ Paired Comparison

Job Slotting/ Classification

Ranking to Market

Externally Focused

Market Pricing

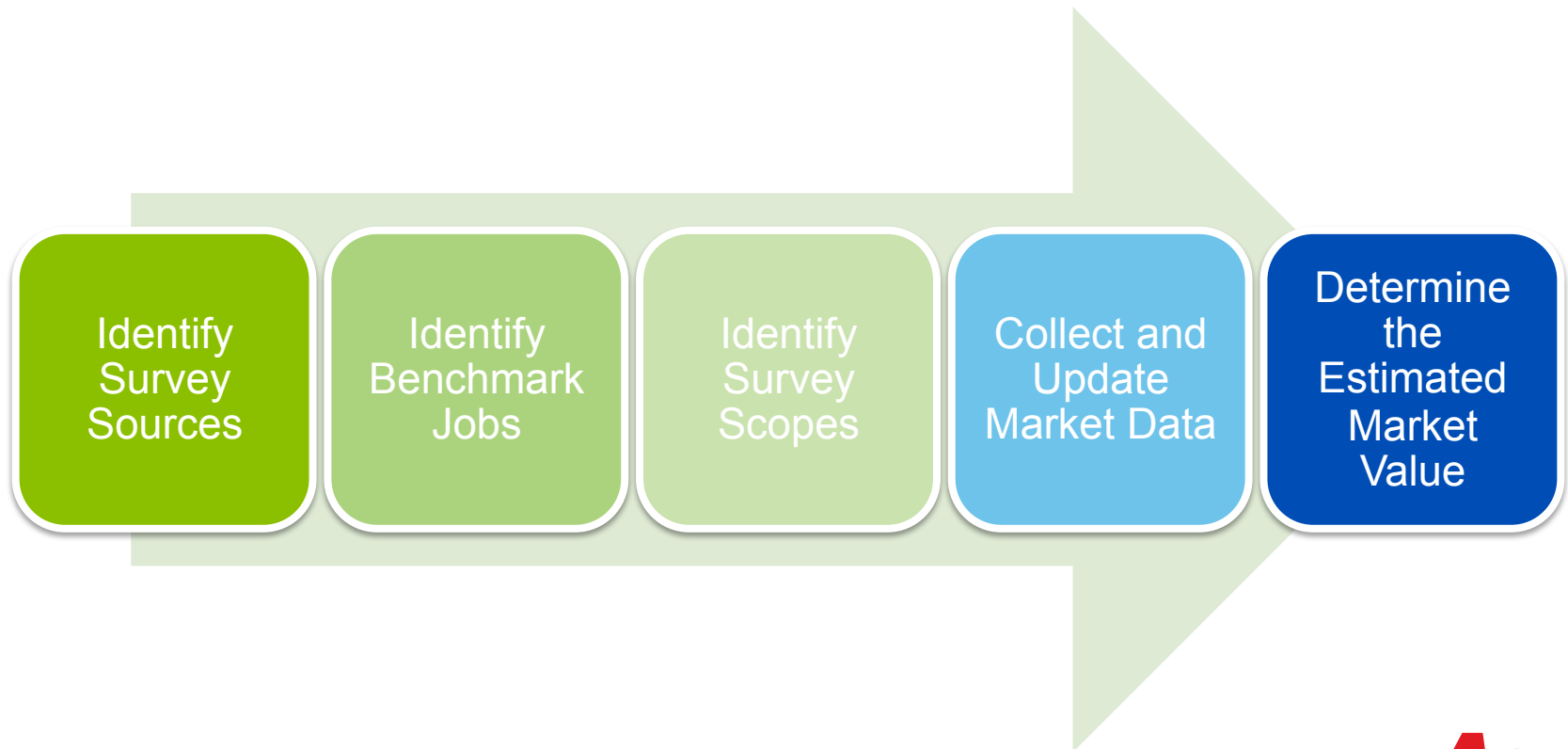# Montgomery College's Approach to Job Evaluation

- Implement a market-based job evaluation system that will:
  – Enable the College to retain and attract talent
  – Align base pay to the external market more directly
  – Allow for ease of administration
  – Be fiscally responsible
  – Provide opportunities for clear and concise understanding

Market Pricing

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Market Pricing Process

- Market pricing is the process of establishing an *external* competitive market for jobs or skill sets that are comparable to those within the organization

- Jobs with a match in the market are called *benchmark jobs*

- Market pricing an organization's individual jobs is accomplished by the following steps:

| Identify Survey Sources | Identify Benchmark Jobs | Identify Survey Scopes | Collect and Update Market Data | Determine the Estimated Market Value |

Step 1: Identify Survey Sources

Review sources for market pricing.

Type	Advantages	Disadvantages
Published	- Easy access - Minimal expenses - Good representation of jobs and companies - Sample size - Quick turnaround	- Broad mix of companies - Difficult for unique or hot jobs - Little data on "skills" - Ability to keep up with market - Limited to "benchmarks" on easily definable jobs
Private	- Target companies - Key jobs - Better defined job description - As participant, may get free summary	- Can be more expensive - May not be ongoing
Custom	- Target companies - Unique jobs - Ability to gather the data you want	- More expensive - May not be ongoing - Getting companies to participate may be challenging
Recruiting - New hires - Head hunters/ search firms	"Fresh" data	- May not be based on content of job - Data may be skewed - Limited sample size - Always a "premium" for new hire

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Step 1: Identify Survey Sources

- We recommend that published surveys contain the following to be included in the benchmark process:
    - Job descriptions
    - Clear differentiation in level and function
    - Clearly defined data elements and methodology
    - Different cuts of data by scopes (industry size, geographic location)
    - Reliable list of participants that represents the market for talent
    - Timely results/current market trends
    - Future availability/consistent publication
    - Large sample size per job
    - Disclosed data effective date
    - Independent third party survey administration
    - Submissions from HR departments (e.g., not self-reported data)
- Following these guidelines adds to the credibility of the results and supports ongoing maintenance and updates to the market data

Sample Survey Sources for Montgomery College

- College and University Professional Association for Human Resources Surveys:
  - Administrators in Higher Education
  - Non-exempt in Higher Education
  - Professionals in Higher Education
- Local Data
  - Montgomery County (Public Schools and Government)
  - Maryland Association of Community Colleges
  - Local Government Personnel Association
- Aon Hewitt Surveys
  - Total Compensation Measurement (Executive and Management and Professional)
  - High Demand Information Technology Skills
  - Non-exempt
- Mercer Surveys
  - Mercer Benchmark (i.e., Human Resources, Information Technology, Finance, Accounting and Legal, Sales, Marketing and Communications, etc.)
- Towers Watson Surveys
  - Supervisory and Middle Management
  - Technical and Operations
  - Office and Business Support

Note: *Typically use 25-30 survey sources per market study.*

Step 2: Identify Benchmark Jobs

- Benchmark jobs are common jobs found across most industries and organizations (i.e., accountant, administrative assistant)
  - They typically cover a subset of jobs and allow an organization to collect market values reflective of the overall pay system rather than depending upon finding appropriate data for every job in the organization
- Let's benchmark all our jobs!
  - Even the best surveys will have gaps—not all jobs are able to be benchmarked accurately; specifically, roles that are unique to the institution may not be comparable in the market
  - Market pricing jobs requires administrative time and cost, whether managing the work internally or working with an external resource or consulting firm

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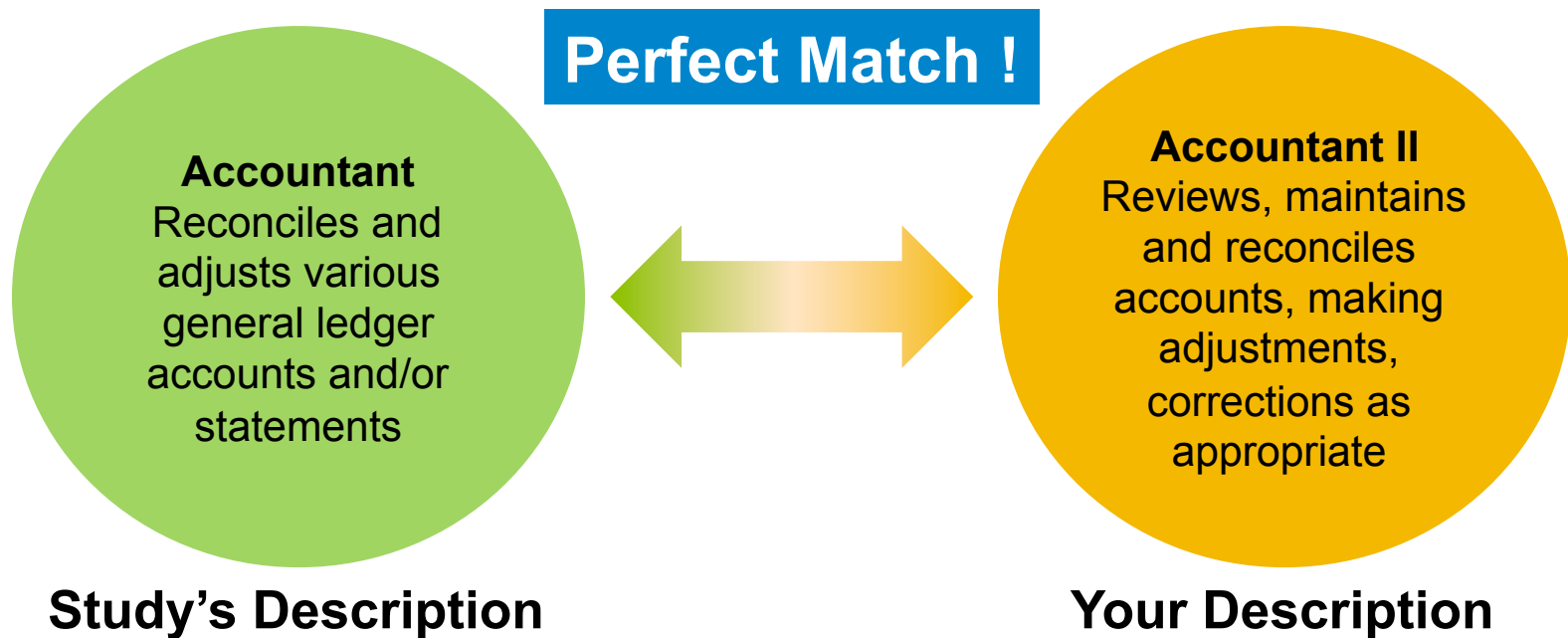
Step 2: Identify Benchmark Jobs

- Considerations when selecting benchmark jobs:
  - Widespread and common usage both within your institution and in other companies
  - Multiple incumbents
  - Roles with a fairly uniform and stable definition
    - The goal is to have consistency in benchmark jobs from year-to-year
  - Positions that cover many or all of the institution's job functions and families
  - High turnover jobs
  - Key or critical jobs
  - Jobs with limited talent available

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Step 2: Identify Benchmark Jobs

Job Matching Challenges

- One of the greatest challenges HR personnel often face is the difficulty in getting precise job comparisons
  - Survey job descriptions are broadly written

Consider this….

Perfect Match !

Accountant
Reconciles and adjusts various general ledger accounts and/or statements

Accountant II
Reviews, maintains and reconciles accounts, making adjustments, corrections as appropriate

Study's Description

Your Description

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Step 2: Identify Benchmark Jobs

Consider this….

Not an Exact Match !

Environmental Health Specialist III
Performs complex regulatory inspections and investigations and closes facilities due to non-compliance

Environmental Safety Specialist
Conducts environmental safety inspections, evaluates work place environments, and ensures prevention of accidents

Safety and Security Specialist
Manages partnerships with community leaders to educate individuals on facility-related safety issues

Study's Description

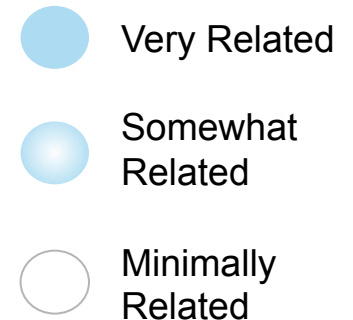**Your Description**

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Step 2: Identify Benchmark Jobs

- When reviewing a benchmark job follow these guidelines
  - Compare the job's responsibilities to those in the survey
    - Don't rely on titles, match for content
    - Management titles may not align
    - Don't rely solely on years of experience
  - General rule of thumb is 70% match
  - Generally, multiple survey matches per job are preferred
    - However, one solid match is better than several "almost" matches
  - Not all jobs are benchmarked in salary surveys
  - Jobs that exist at other Institutions and in the external market may not be benchmarked in salary surveys

Step 3: Identify Survey Scopes

- Determine the scope to include for each benchmark based on your market for talent
    - From where do you hire employees?
    - Where do employees go when they leave?
- Scope can reflect the organizational size, industry, individual responsibility, region and/or geography depending on the job level and market for talent

Level	Scope/Size (Budget, Enrollment, etc.)	Industry	Geography
Executive	Very Related	Very Related	Minimally Related
Director	Very Related	Somewhat Related	Somewhat Related
Manager	Somewhat Related	Somewhat Related	Very Related
Professional/ Technical	Minimally Related	Somewhat Related	Very Related
Support	Minimally Related	Minimally Related	Very Related

Legend:
- Very Related
- Somewhat Related
- Minimally Related

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Step 3: Identify Survey Scopes

- Select measures to be used as primary basis for comparison to market based on your institution's stated (or unstated) competitive positioning target

  - Percentiles—rank the data values in ascending order and calculate specific percentile values

    - 50th percentile (median): Middle value of the data; one-half of the data is above this point and one-half of the data is below this point

    - The median is less sensitive to outliers than the average

    - 25th percentile: Value below which 25% of the data fall (1st Quartile)

    - 75th percentile: Value below which 75% percent of the data fall (3rd Quartile)
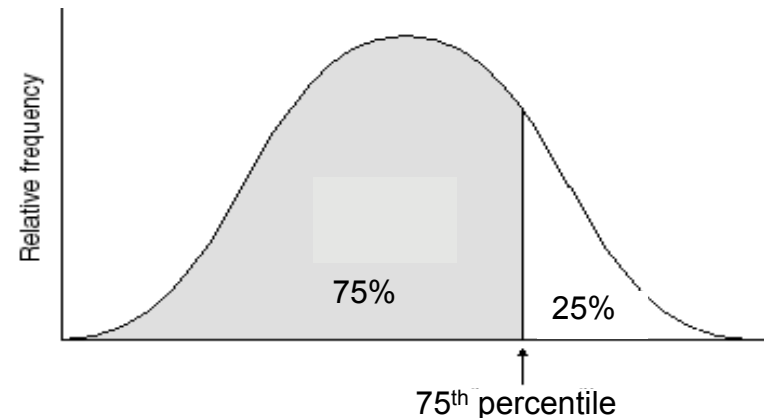
Step 4: Collect and Update Market Data

- Aging Survey Data
  - Since the effective dates of survey sources vary, all data should be updated to a common date
  - Determine annual aging factor (rate at which market rates are increasing)
    - Local, regional, national, industry surveys of past and projected salary and structure movement
  - Determine date to which to age data
    - Date of pricing, effective date for salary structure, etc.
    - Lead, lag, or lead/lag philosophy
  - Modest aging factor of 3.0% annually in recent years
- Multiple sources of data
  - Robust sample sizes
    - Consider this in industry and/or geographic cuts
  - Data trends/outliers

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Step 4: Collect and Update Market Data

Multiple Sources of Data—Example

Survey Source	Survey Scope	Survey Position Title and Industry Classifications	Number Orgs	Reported Incumbents	Median Base Salary ('000)
TCM	All Reported	Senior HR Executive—Global Leading Companies	40	110	$126.7
ABC	All Reported	HR Executive Level 4—All Industries	540	2,850	139.4
Private 1	All Reported	HR Executive Level 3—All Industries	10	36	119.8
Private 2	All Reported	Senior HR Officer—All Industries	3	9	162.3
KLM	New York	Senior HR Associate—Nondurable Manufacturing	15	41	86.7

Too small sample size

Too low compared to other data, likely not comparable

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Step 5: Determine Estimated Market Value

- Average the results from multiple data sources for an overall estimated market value
  - Weight across the survey sources
- Adjusting data (e.g., discounts and premiums)
  - Generally not recommended, but appropriate in some circumstances

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Step 5: Determine Estimated Market Value

- As a general rule
  - Salary information is considered to be competitive with the marketplace within plus or minus 10%
  - Salary levels more than 10% above or below the market should be researched; reasons for higher variations include:
    - Job tenure—the length of time incumbents have been in a job
    - Variation in responsibility—difference in the responsibility levels of jobs matched to the survey job
    - Pay for this role is above or below market levels
    - Benchmark match—the survey match is at a higher or lower level than originally matched
      - A word of caution: Do **not** match jobs based on the incumbent in the role or the pay level

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Step 5: Determine Estimated Market Value (Sample Only – False Data)

Competitive Market Analysis: Detail

ABC Company

September 10, 2012

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Survey Source/ Job Code	Job Title	Scope	# Cos	# Incs	Market 25th Base	Market 25th TCC	Market 50th Base	Market 50th TCC	Market 75th Base	Market 75th TCC
Vice President, Budget and Finance 001		Estimated Market Value:			$412.1	$609.4	$473.9	$815.5	$533.0	$1,027.3
AH-TCMEX FIN.000.940	Finance Corporate	Corporate | All Industries | Sales / Revenues: 2500.0M - 4999.9M	58	58	$457.8	$708.9	$509.5	$985.6	$575.6	$1,178.6
MHRC-EC 210.000.120	Chief Financial Officer - Corp	Annual $ Volume - Revenue/Sales: $2.5 Billion < $5 Billion	87	87	$423.8	$574.2	$482.6	$770.3	$538.0	$1,019.1
TW-TMR AFA000-EX	CFO/Top Financial Officer	Corporate: For-Profit Organizations | All Organizations (Excluding Financial Services) | Sales ($Mill): 1,000 - 4,999	99	99	$354.7	$545.2	$429.5	$690.5	$485.3	$884.1

Benchmark Descriptions

AH-TCMEX **Finance Corporate**
FIN.000.940   Responsible for all financial operations including accounting, credit and collection, banking, and cash flow. This position must supervise both the accounting and treasury functions. Indicate whether responsibilities also include information systems, investor relations, internal audit, and tax. Only one incumbent should be reported at this position for a specific business unit.

MHRC-EC **Chief Financial Officer - Corp**
210.000.120   This is the top financial position with responsibility for formulating financial policy and plans. Responsible for providing overall direction for the accounting, tax, insurance, budget, credit, and treasury functions. Directs activities associated with the security and investment of the organization's assets and funds, and ensures that financial transactions, policies, and procedures meet the organization's short- and long-term objectives, and regulatory body requirements. Frequently reports to a Chief Executive Officer. Note: This is generally a single incumbent position. Only one employee, the most senior individual, per organization entity should be reported.

TW-TMR **CFO/Top Financial Officer**
AFA000-EX   Establishes, implements, and maintains the financial plans and policies of the organization, including fiscal controls, preparation and interpretation of financial reports, and safeguarding of the organization's assets. Develops and maintains overall accounting policies and controls. Establishes and maintains good corporate relations with the investment and banking communities. Assists in long-range planning and advises management on financial affairs. May manage one or more significant staff functions, but primary focus is the management of the organization's finances.

Survey data was aged to 07/01/2012 at 2.6%

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Structure Development

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Salary Structure Framework
Purpose and Trends

- A well designed salary structure will serve several purposes:
  - Provides a framework for organizing and grouping jobs
  - Provides an understanding of how jobs fit together and how to advance in career
  - Gives managers the flexibility to reward performance, skill development, and critical skills needed by the organization but with some boundaries (guidelines versus rules)
  - Supports and enables the development of a "pay for performance" philosophy
    - In contrast, poorly designed salary structures inhibit properly rewarding performance or skill development and may be used as a scapegoat by managers to explain why they could not adequately reward performance or reflect increased responsibility
  - Helps to effectively control overall base salary costs while accurately reflecting the competitive market values of jobs in the grade
  - Reflects meaningful career progressions through movement from grade to grade
  - Communicates how much the organization is willing to pay each job, and establishes a standard guideline for managing pay within the organization
- Some of the current trends regarding salary structure designs are as follows:
  - Fewer structures and grades—moving away from traditional salary grades
  - Using a "fanned" approach has gained popularity as it allows for increased flexibility

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Key Structure Design Elements

- Midpoint
  - Represents value of job once the incumbent is fully competent in the role or consistently performs all expected job responsibilities and duties

- Range Spread
  - Spread from the minimum to maximum
  - Typically larger range spread at the higher levels of the organizations
    - Employees tend to stay in position longer
    - Wider range spread allows for growth above market, i.e., experience and knowledge becomes more reflective

- Job Placement by level using one or a combination of the following processes
  - Market Pricing
  - Whole Job Slotting

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Montgomery College's Current Salary Structure Framework

Montgomery College Salary Schedule
FY17 (Effective 7/1/16)

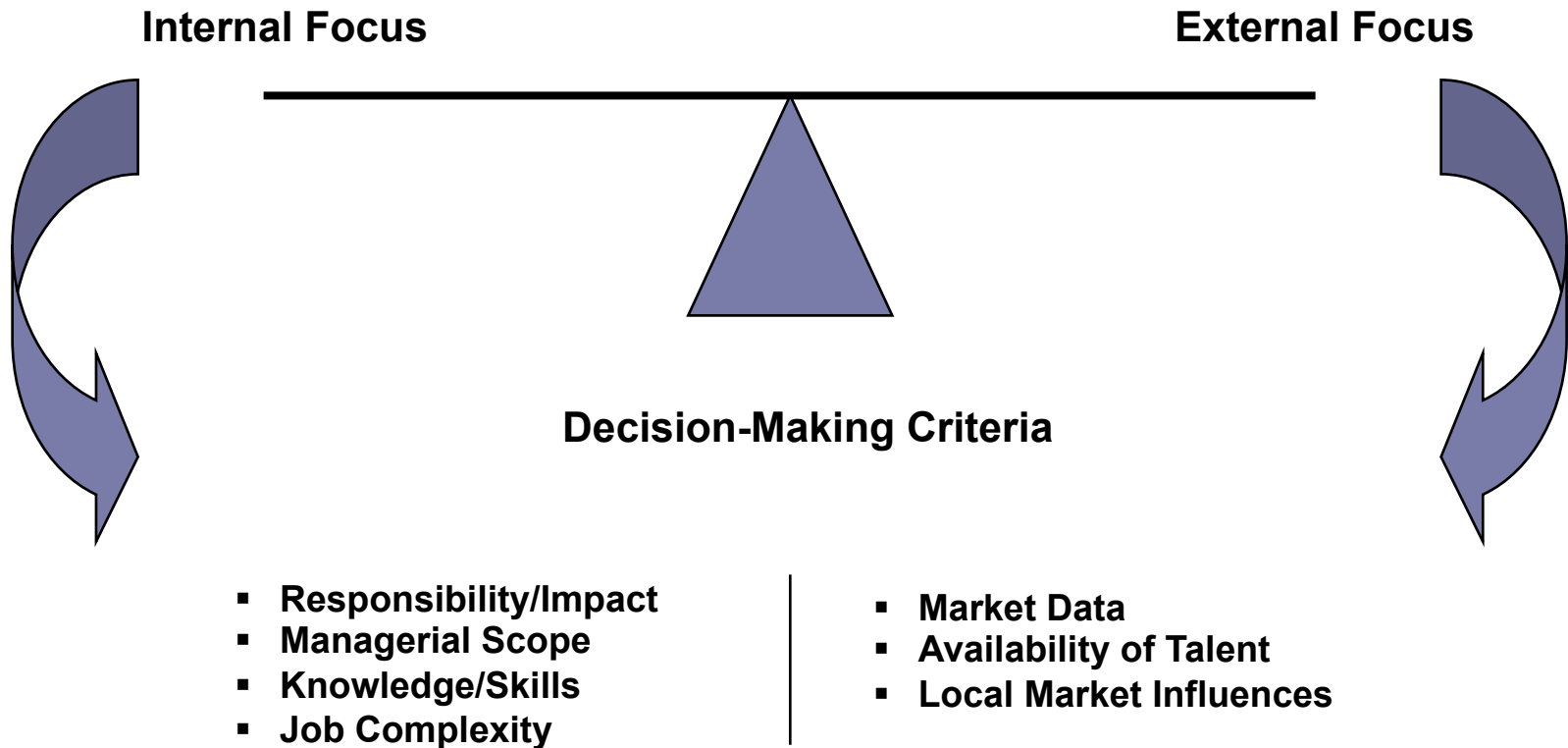| Grade	HOURLY RATE Min	Mid	Max	ANNUAL RATE* Min	Mid	Max
A	$14.35	$19.45	$24.54	$29,848.00	$40,456.00	$51,043.20
B	$15.22	$20.62	$26.02	$31,657.60	$42,889.60	$54,121.60
C	$16.12	$21.85	$27.57	$33,529.60	$45,448.00	$57,345.60
D	$17.10	$23.16	$29.22	$35,568.00	$48,172.80	$60,777.60
E	$18.46	$25.00	$31.54	$38,396.80	$52,000.00	$65,603.20
F	$19.95	$27.00	$34.04	$41,496.00	$56,160.00	$70,803.20
G	$21.55	$29.16	$36.77	$44,824.00	$60,652.80	$76,481.60
H	$23.26	$31.48	$39.70	$48,380.80	$65,478.40	$82,576.00
I	$25.60	$34.63	$43.65	$53,248.00	$72,030.40	$90,792.00
J	$28.16	$38.09	$48.01	$58,572.80	$79,227.20	$99,860.80
K	$30.97	$41.88	$52.78	$64,417.60	$87,110.40	$109,782.40
L	$34.06	$46.05	$58.04	$70,844.80	$95,784.00	$120,723.20
M	$36.79	$49.74	$62.69	$76,523.20	$103,459.20	$130,395.20
N	$39.74	$53.72	$67.69	$82,659.20	$111,737.60	$140,795.20
O	$42.91	$58.05	$73.19	$89,252.80	$120,744.00	$152,235.20
P	$46.34	$62.64	$78.93	$96,387.20	$130,291.20	$164,174.40
Q	$49.13	$66.39	$83.65	$102,190.40	$138,091.20	$173,992.00
R	$52.09	$70.38	$88.66	$108,347.20	$146,390.40	$184,412.80
S	$55.20	$74.58	$93.96	$114,816.00	$155,126.40	$195,436.80

*ANNUAL EQUIVALENT RATE FOR FULL-TIME, 12-MONTH EMPLOYEES

- Currently have one salary schedule for Administrative, Associate, and Support Staff

- Structure characteristics
  - Includes 19 grades
  - Consistent range spread (70%) across all grades
  - Inconsistent midpoint differentials ranging from 6% to 10%
    - Midpoint differentials are lower (6%) at the top and bottom
    - Largest differential (10%) exists in the middle, grades I through L

- Job evaluation approach is primarily internally focused versus market based
  - Risk of jobs being misaligned to the market with the current approach
  - Impacts attraction and retention

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Getting Started
Placing Jobs Within the Salary Structure Framework

- In 2014, over 100 jobs were market priced. Today, we are in the process of market pricing over 180 jobs which represents approximately 50% of Montgomery College's jobs and represents best practices.

- Benchmark jobs will be initially slotted into the new salary structure based on their market values

- The remaining jobs will be placed in the salary structure using whole job slotting methodology

Internal Focus   **External Focus**

Decision-Making Criteria

- **Responsibility/Impact**   - **Market Data**
- **Managerial Scope**   - **Availability of Talent**
- **Knowledge/Skills**   - **Local Market Influences**
- **Job Complexity**

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Appropriate Internal Considerations When Aligning Jobs to the Structure

To align non-benchmark jobs to the structure using the whole job slotting job evaluation methodology, the following are appropriate internal considerations:

- Responsibility/impact of the job on a department
  - What are specific duties and responsibilities of the job?
  - What operating/customer service/financial results does the job directly or indirectly impact?
  - Which standards of operation/work practices, if any, are determined by the job?
  - When do staff in the job seek guidance from higher level workers or supervision?

- Supervisory scope of the job
  - What are the supervisory elements of the job, if any?
  - Are the direct reports supervisory or non-supervisory?
  - Does the job have sole responsibility for supervising a department or work group?
  - Is the job a "working supervisor," that is, doing the same or similar work to those being supervised?

- Knowledge and skills required and level of complexity
  - How are the skills for the job typically attained and how long does it take (i.e., prescribed course work, on the job training, specific degree?)
  - How does the required skill/complexity level compare to other jobs in its family?
  - Does the job require specialized or technical knowledge or expertise?
  - What is the nature of interactions required by the job?

Appropriate Internal Considerations When Aligning Jobs to the Structure

- Career path progression (reporting relationships)
  - Does the job have significantly more independence and/or supervision than other jobs in the same family which require the same types of skill sets?
  - What are the reporting relationships?
  - What are potential next jobs into which this job might progress?
- May Also Consider Recruiting and Retention Challenges
  - For particularly market-sensitive jobs, some additional factors may need to be considered:
    - Are there issues around recruiting and retaining qualified candidates with this unique skill set?
    - Have you recently experienced voluntary turnover attributed to the current pay level for this job?

Impact Analysis

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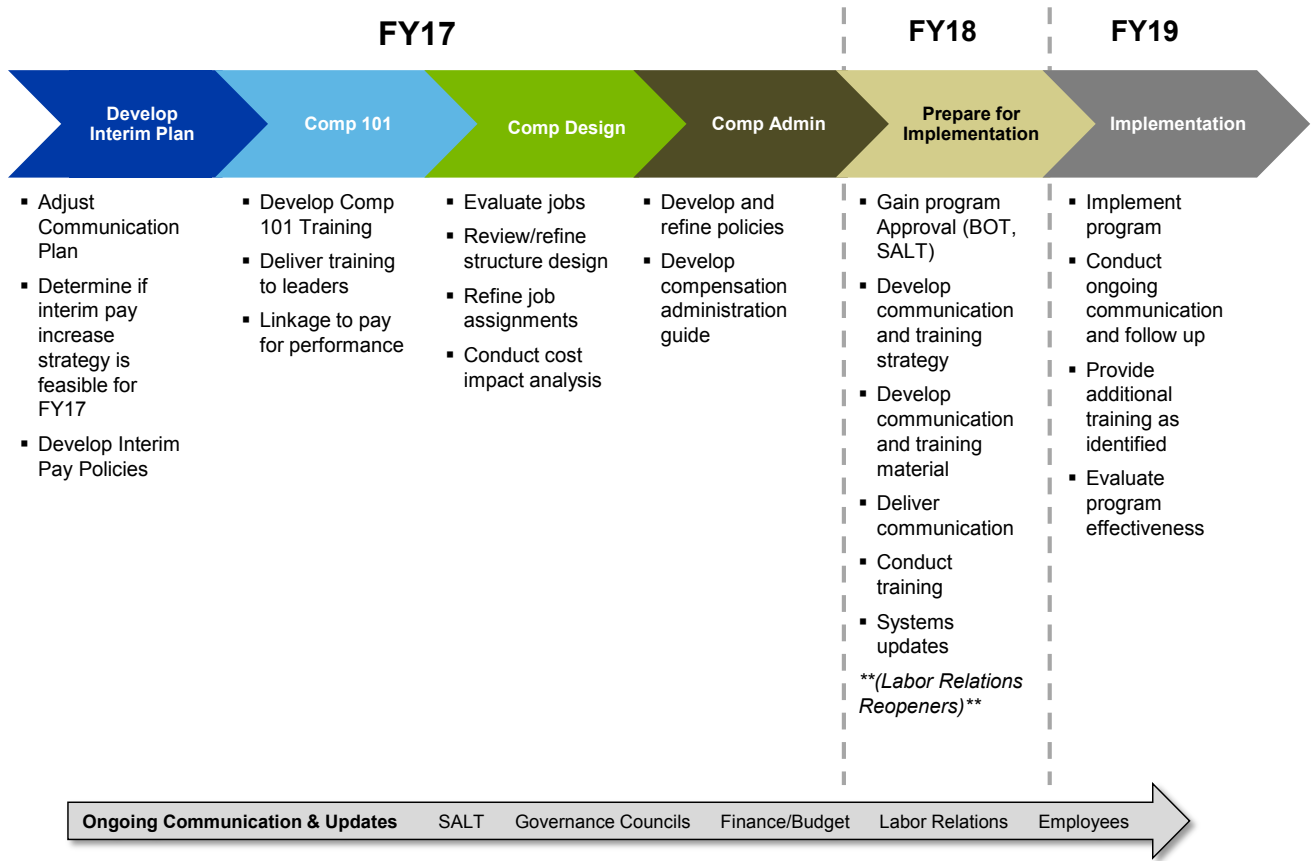# Conduct Impact Analysis and Develop Implementation Strategy

- Once jobs are assigned to the salary structure, an impact analysis needs to be conducted
- An impact analysis determines the financial cost of implementing the recommended salary structure(s) and includes a review of the following:
  - Number of employees below the minimum of the salary grade
  - Number of employees above the maximum of the salary grade
  - Market position of employees
- Develop implementation strategy
  - Timeline for implementation (i.e., immediate or multi-year approach)
  - Pay practices related to implementation (i.e., red circling, bring to minimum)
  - Pay positioning
  - Ongoing pay administration
    - Promotions
    - Internal transfers
    - New hires
    - Market adjustments
    - Special recognition
    - Lump Sums
    - Spot bonuses

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Review of Learning Objectives

The learning objectives for the Compensation 101 course are as follows:

- Explain Montgomery College's Compensation Philosophy
- Describe the importance of accurate and thorough job documentation
- Describe the various approaches of determining the value of a job balancing its internal value with its external value
- Define market pricing and discuss the processes taken to market price a job
- Describe the importance of a salary structure, its purpose and trends in the marketplace

Next Steps

FY17   FY18   FY19

Develop Interim Plan	Comp 101	Comp Design	Comp Admin	Prepare for Implementation	Implementation
• Adjust Communication Plan • Determine if interim pay increase strategy is feasible for FY17 • Develop Interim Pay Policies	• Develop Comp 101 Training • Deliver training to leaders • Linkage to pay for performance	• Evaluate jobs • Review/refine structure design • Refine job assignments • Conduct cost impact analysis	• Develop and refine policies • Develop compensation administration guide	• Gain program Approval (BOT, SALT) • Develop communication and training strategy • Develop communication and training material • Deliver communication • Conduct training • Systems updates **(Labor Relations Reopeners)**	• Implement program • Conduct ongoing communication and follow up • Provide additional training as identified • Evaluate program effectiveness

Ongoing Communication & Updates   SALT   Governance Councils   Finance/Budget   Labor Relations   Employees

Ongoing Communication:

- Regular updates and consultation with leadership, governance councils, and other key stakeholders
- FAQs are posted on the Classification and Compensation website and will be updated regularly
- The email address (CompProgramQuestions@montgomerycollege.edu) continues to be available to receive questions and comments

FY 2017 Project Activities

- Review/refine structure design
- Refine job assignments within the structure
- Conduct cost impact analysis
- Develop and refine policies

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