



Compensation Alignment Program

Staff Meetings
November 7 – December 7, 2017

Mr. Robert G. Roop, Chief Human Resources Officer

Agenda

- Goals and Objectives
- Market Study
- New Compensation Program Design
- Implementation Timeline
- Next Steps

Before We Get Started

- No salaries will be reduced
- No jobs will be lost
- All employee groups' compensation studies will be finished by June 30

Before We Get Started

- No salaries will be reduced
- No jobs will be lost
- All employee groups' compensation studies will be finished by June 30

Definitions

- **Market-Based Evaluation** plans use market data to determine differences in job worth. Many companies choose market-based evaluation methods because they wish to assign job pay rates that are neither too low nor too high relative to the market.
- **Base Pay** represents the monetary compensation employees earn on a regular basis for performing their jobs. Hourly pay and salary are the main forms of base pay.

Definitions - continued

- **Benchmark Jobs**, found outside the company, provide reference points against which the values of jobs within the company are judged.

- **Midpoint Pay Value** is the halfway mark between the range minimum and maximum rates. Midpoints represent the competitive market rate determined by the analysis of compensation survey data.

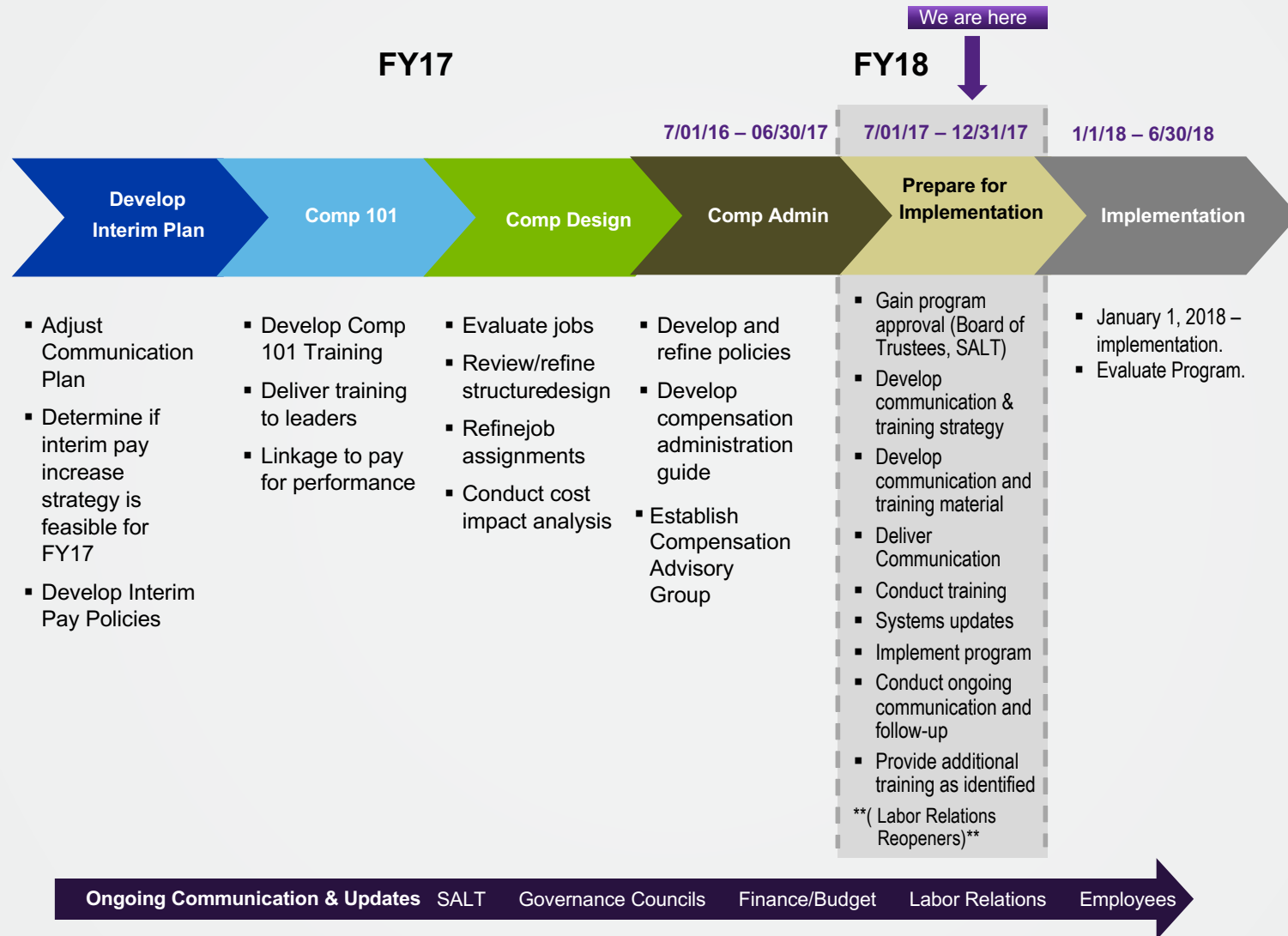
Compensation Study Goals and Objectives

- Align the compensation program with the College's goals
 - Highest-possible quality employees
 - Affordability for students
 - Student success
- Ensure salary grade ranges are market competitive and internally equitable
- Improve the affordability and sustainability of the compensation program
- Ensure resources are available to support students' success

Why Now?

- A compensation program that is aligned with the market is best practice and common among higher education institutions (e.g. Anne Arundel Community College, Allegheny Community College, University of Maryland, Bowie State)
- MC needs to be able to attract and retain high-potential and high-performing employees
- Some pay practices were becoming unsustainable, especially during times of constrained public funding and declining enrollment

Compensation Program Timeline



Market Study—Methodology

- MC engaged Aon Hewitt to conduct a market analysis to determine the market competitiveness of the College's compensation program
- Using 26 salary surveys (see appendix), Aon identified the prevailing salary ranges for 182 jobs, including both staff and administrator positions
- The market analysis identified the “going rate” for similar positions and aligned MC's compensation program to the market

What We Learned

- Confirmed that MC's compensation program is fiscally unsustainable
- Confirmed that market-based compensation programs are best practice and common in higher education
- To attract and keep talented staff and administrators, MC needs to shift from an internally-focused to a market-based compensation model
- Majority (70%) of staff and administrators' pay align with current market rates
- 30% of staff and administrators' pay are not aligned with current market rates

New Compensation Program Design

- New plan reflects MC compensation philosophy
 - Establish compensation levels based on relative internal worth and external competitiveness
 - Reward employees for work performance
 - Communicate compensation program in a manner to maximize employees' awareness and understanding of the total compensation package
 - Administer pay equitably and consistently, and in a way that is simple and understandable by employees
 - Offer reward structures, programs, and practices that support staffing, succession planning, labor relations, performance management, and career development

New Compensation Program Design

- Aligned with MC compensation philosophy and objectives
 - Maintain appropriate controls to ensure that compensation is structured and delivered free from inappropriate bias or wrongful discrimination
 - Promote fairness, equal opportunity, and support the institution's diversity goals, and comply with federal and state laws and regulations

New Compensation Program Design

- 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

New Compensation Program Design

- New compensation program was informed by internal research
 - ✓ Gathered feedback from staff and administrator focus groups on the program design (2014)
 - ✓ Validated position alignment/hierarchy within divisions with managers and supervisors (2016 – 2017)
- Redesigned salary scale to align with market study findings

New Salary Scale

Grade	Minimum	Midpoint	Maximum
41	\$131,300	\$180,600	\$229,800
39	\$114,300	\$157,100	\$200,000
37	\$99,300	\$136,600	\$173,800
35	\$86,400	\$118,800	\$151,200
33	\$75,200	\$103,400	\$131,600
31	\$69,200	\$89,900	\$110,700
29	\$62,800	\$81,700	\$100,500
27	\$57,200	\$74,300	\$91,500
25	\$51,900	\$67,500	\$83,000
23	\$47,200	\$61,400	\$75,500
21	\$42,900	\$55,800	\$68,600
19	\$40,600	\$50,700	\$60,900
17	\$37,600	\$47,000	\$56,400
15	\$34,800	\$43,500	\$52,200
13	\$32,200	\$40,300	\$48,300
11	\$29,800	\$37,300	\$44,700
9	\$27,700	\$34,600	\$41,600
7	\$25,600	\$32,000	\$38,400
5	\$23,800	\$29,700	\$35,700

New Compensation Program Design

Pathways for Career Growth

ADMINISTRATIVE

Revised Grade	Position
29	Administrative Manager
25	Executive Associate II
25	Executive Associate I
23	Administrative Aide III
19	Administrative Aide II
15	Administrative Aide I



PAYROLL

Revised Grade	Position
33	AP/Payroll Manager
23	Payroll Technician II
21	Payroll Technician I

FACILITIES

Revised Grade	Position
31	Plant Maint & Ops Mgr
29	Building & Grounds Maint Mgr
23	Building Svcs Supervisor
15	Building Svcs Worker Lead
11	Building Svcs Worker

Overall Impact

- Identified individuals whose current pay is above the new range maximum and below the new range minimum
- Employees below the range minimum will be brought up to the new pay range
- Employees above the pay range maximum will be frozen at their current salaries

Implementation Timeline

- January 1 – Salary adjustment for employees who are paid below minimum of their grade
- January 1 – New employees hired at new compensation program grade
- July 1 – Pay rate freeze for employees whose compensation is above their program grade
- July 1 – Employees whose compensation is within the new program grade will be eligible for annual, approved salary adjustments

Need More Info?

- Dedicated email for employees to submit questions and concerns:
CompProgramQuestions@montgomerycollege.edu
- Update memos
- Updates in Inside MC
- Video recording of Compensation Forum available online

Next Steps

- Complete market analysis of executive level administrators and F/T faculty by June 30
- Partner with new compensation consultant, Segal Waters, for current and future phases of compensation design and implementation
- Ongoing communication with College community

Takeaways

- No salaries will be reduced
- No jobs will be lost
- All employee groups' compensation studies will be completed by June 30
- Employees who are below market will be brought up to market
- In December, employees who are above market will be asked to meet with their supervisor and an HRSTM rep to discuss their compensation
- In December, letters to employees informing them of their pay grade assignment in new program

Thank You!

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

Survey Sources

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

Proprietary and Confidential

Survey Sources

ALM-LAW

ALM Legal Intelligence (formerly Altman Weil Publications, Inc.): Law Department Compensation Benchmarking Survey

This survey reports compensation data for attorney and manager positions employed by corporate law departments in the U.S. The survey includes data on 9 positions provided by 188 employers and presents information by region, metropolitan area, number of employees, annual sales revenue, department size, form or ownership, reporting relationship, salary administration plan, number of years in position, maturity (year admitted to the bar), practice specialty, and industry. (Data effective March 2015.)

CUPA-ADM-MC

The **Administrators in Higher Education Salary Survey** collect salary data for positions with primary assignments requiring management of the institution or of a customarily recognized division within it. All survey positions are matched to BLS Standard Occupational Classification (SOC) codes to facilitate completion of IPEDS reporting requirements. (Data effective November 2015.)

CUPA-NEX-MC

The new **Non-Exempt Staff Salary Survey** collects annual (12-month) salary data for 118 positions commonly found in higher education institutions. All of the positions in the survey are non-exempt, meaning that job incumbents are paid an hourly rate and are eligible for overtime. (Data effective November 2015.)

CUPA-PHE-MC

The **Professionals in Higher Education Salary Survey** collects salary data for "functional professional" positions with primary assignments and responsibilities requiring professional-level expertise and work in a specific functional area, such as academic or student services, facilities management, human resources, information technology, athletics, etc. Positions covered include those with supervisory duties that do not represent the majority of their time and effort. All positions require at least a baccalaureate degree or equivalent in the field and may require a terminal degree and/or professional licensure in the field. All survey positions are matched to BLS Standard Occupational Classification (SOC) codes to facilitate completion of IPEDS reporting requirements. (Data effective November 2015.)

DIET-ARC

D. Dietrich Associates, Inc.: Architectural Salary Survey

This annual survey contains data collected for 43 job titles. This report represents 67 firms. Participating companies include 37 architectural firms, 15 architectural/engineering firms, 4 consulting engineering firms, and 11 industrial and/or other sector firms. The data is reported by company revenues, employment size, years since degree, and by region. (Data effective January 1, 2016.)

DIET-ENG

D. Dietrich Associates, Inc.: Engineering Salary Survey

The Spring edition of this semi-annual survey contains data from 68 firms reporting salaries for 19,238 engineers. The data is reported by industry, by engineering discipline, as well as by major metropolitan area. Within each industry, data is reported by engineering staff size, geographic region, and by years since degree. Data for specific engineering disciplines is also reported. (Data effective March 1, 2016.)

68398210.DOC 16073 12/2016

4

DIET-SS

D. Dietrich Associates, Inc.: Support Services Salary Survey

This survey contains data from 66 firms for 125 jobs. Data is reported on a nationwide basis for each job, as well as by industry group, employment size, U.S. region, and metropolitan area. The majority of data reported is for base pay only. (Data effective May 1, 2016.)

HEW-HDIT

Aon Hewitt: High Demand IT Compensation and Practices Survey

This report contains data from 128 organizations, for 78 technology skills and 18 ERP roles surveyed, representing 22,262 incumbents. (Data effective March 2016.)

HEW-MP-GEO-C

Aon Hewitt: Total Compensation Measurement™ (TCM) Cash Compensation by Geographic Region: Management & Professional

This report contains data from 431 companies with between \$5.0 million and \$155.427 billion in sales volume. Data is cut by geographic area and major metropolitan area. This report includes all cash components of pay. LTI is available in the total compensation report. THIS SURVEY DATA IS AVAILABLE TO PARTICIPANTS ONLY. (Data effective March 2016.)

HEW-MP-IND-T

Aon Hewitt: Total Compensation Measurement® (TCM) Total Compensation by Industry: Management & Professional

This report contains data from 351 companies with between \$5.0 million and \$155.427 billion in sales volume. Data is shown by specific industries and by sales/revenue or base salary within each industry breakout. This report includes all cash and LTI components of pay. Geographic data is available in the geographic region report. THIS SURVEY DATA IS AVAILABLE TO PARTICIPANTS ONLY. (Data effective March 2016.)

HEW-NEX

Aon Hewitt: Nonexempt Compensation Study

This report includes data for 184 roles out of a total of 260 in the survey. THIS SURVEY DATA IS AVAILABLE TO PARTICIPANTS ONLY. (Data effective 2016. The survey is now an ongoing "rolling" database.)

MER-FAL

Mercer: US Mercer Benchmark Database—Finance, Accounting, and Legal Survey

This survey presents data on 197 executive positions from 2,568 participating organizations representing 288,634 incumbents. Data is displayed for each job on a nationwide basis, as well as by revenue/sales, total assets, gross premiums, total operating budget, and total net revenue. Regression analysis results for revenue/sales, assets, premiums (gross), and operating expenses/budget are reported. (Data effective March 1, 2016.)

MER-HFIC

Mercer: Integrated Health Networks Compensation Survey—Module 5 Healthcare Provider Individual Contributors

This survey module reports data from 1,373 organizations encompassing 1,053,742 incumbents for 288 positions. Data is displayed for each job on a nationwide basis, as well as by short-term incentives, shift premiums analysis, other premiums analysis, net revenue, regions, teaching and non-teaching organizations, and location/region, where available. (Data effective March 1, 2016.)

MER-HRM

Mercer: US Mercer Benchmark Database—Human Resources Survey

This survey presents data on 146 executive positions from 2,464 participating organizations representing 101,606 incumbents. Data is displayed for each job on a nationwide basis, as well as by revenue/sales, total assets, gross premiums, total operating budget, and total net revenue. Regression analysis results for revenue/sales, assets, premiums (gross), and operating expenses/budget are reported. (Data effective March 1, 2016.)

MER-ITS

Mercer: US Mercer Benchmark Database—Information Technology Survey

This survey presents data on 484 executive positions from 2,286 participating organizations representing 353,000 incumbents. Data is displayed for each job on a nationwide basis, as well as by revenue/sales, total assets, gross premiums, total operating budget, and total net revenue. Regression analysis results for revenue/sales, assets, premiums (gross), and operating expenses/budget are reported. (Data effective March 1, 2016.)

MER-LSC

Mercer: US Mercer Benchmark Database—Logistics and Supply Chain Survey

This survey presents data on 112 executive positions from 2,033 participating organizations representing 332,748 incumbents. Data is displayed for each job on a nationwide basis, as well as by revenue/sales, total assets, gross premiums, total operating budget, and total net revenue. Regression analysis results for revenue/sales, assets, premiums (gross), and operating expenses/budget are reported. (Data effective March 1, 2016.)

MER-MAN

Mercer: US Mercer Benchmark Database—Manufacturing Compensation Survey

This survey presents data on 135 executive positions from 1,895 participating organizations representing 272,240 incumbents. Data is displayed for each job on a nationwide basis, as well as by revenue/sales, total assets, gross premiums, total operating budget, and total net revenue. Regression analysis results for revenue/sales, assets, premiums (gross), and operating expenses/budget are reported. (Data effective March 1, 2016.)

MER-RET

Mercer: US Retail Compensation and Benefits Survey (Combined National Retail Foundation and Mercer Multi-Outlet Reports)

This study presents data on 227 jobs representing 2,314,031 employees in 208 organizations. Data is displayed for each job on a nationwide basis, by merchandise category, market category, total gross organization sales, most prevalent store size, and region. (Data effective April 1, 2016.)

MER-SMC

Mercer: US Mercer Benchmark Database—Sales, Marketing and Communications Survey

This survey presents data on 250 executive positions from 2,317 participating organizations representing 381,683 incumbents. Data is displayed for each job on a nationwide basis, as well as by revenue/sales, total assets, gross premiums, total operating budget, and total net revenue. Regression analysis results for revenue/sales, assets, premiums (gross), and operating expenses/budget are reported. (Data effective March 1, 2016.)

PRM-NFP

PRM Consulting, Inc.: Management Compensation Report—Not-For-Profit Organizations

The annual edition of this report contains compensation and data for 100 positions in 366 not-for-profit responses including trade, professional, educational, and health and social welfare organizations. Data is reported on a nationwide basis for each job, as well as by geographical location, organization type, organization budget, total employees, and time in position. (Data effective July 1, 2016.)

TCS-NFP

Total Compensation Solutions (TCS): Not-For-Profit Compensation Survey

This annual survey contains base and total cash compensation data on 71 positions found in 654 not-for-profit organizations. Data is reported on a nationwide basis for each job, as well as by region, operating budget, and the following five industry groups: social/service religious, health and welfare/education, membership organizations, research/environmental advocacy, and cultural. (Data effective June 2015.)

TW-OBS

Towers Watson: Survey Report on Office and Business Support Compensation

This study reports compensation data on 318 office personnel positions. Information was provided by 543 organizations reporting data on 230,566 incumbents. Both geographic and industry specific data are broken out by for-profit and not-for-profit categories. In addition, all organization (combining for-profit and not-for-profit) data is only provided at the national level. (Data effective February 2016.)

TW-PAS

Towers Watson: 2013 CSR Professional (Administrative and Sales) Compensation Survey Report - U.S.

This study reports compensation data on 606 professional administrative service jobs. Information was provided by 541 organizations reporting data on 152,348 incumbents. Both geographic and industry specific data are broken out by for-profit and not-for-profit categories. In addition, all organization (combining for-profit and not-for-profit) data is only provided at the national level. (Data effective February 2016.)

TW-PTO

Towers Watson: 2013 CSR Professional (Technical and Operations) Compensation Survey Report - U.S.

This study reports compensation data on 402 professional specialized service jobs. Information was provided by 548 organizations reporting data on 224,537 incumbents. Both geographic and industry specific data are broken out by for-profit and not-for-profit categories. In addition, all organization (combining for-profit and not-for-profit) data is only provided at the national level. (Data effective February 2016.)

TW-SMM

Towers Watson: Survey Report on Supervisory and Middle Management Compensation Survey

This study reports compensation data on 808 middle management positions from 562 organizations reporting data on 240,029 incumbents. Both geographic and industry specific data are broken out by for-profit and not-for-profit categories. In addition, all organization (combining for-profit and not-for-profit) data is only provided at the national level. (Data effective February 2016.)

TW-TSP

Towers Watson: Survey Report on Technical Support and Production Compensation Survey

This study reports compensation data on 383 technical and skilled trades positions. Information was provided by 531 organizations reporting data on 221,901 incumbents. Both geographic and industry specific data are broken out by for-profit and not-for-profit categories. In addition, all organization (combining for-profit and not-for-profit) data is only provided at the national level. (Data effective February 2016.)