

## RIT Staff Compensation Project Frequently Asked Questions (FAQs)

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### 1. What was the purpose of the Staff Compensation Project?

As previously announced, the Staff Compensation Project had two main goals:

- Assess our staff wage grade structures (market bands) to ensure we continue to align competitively with the local and national labor market.
- Develop a more robust internal job assessment process to evaluate staff positions, including positions that cannot be directly benchmarked with the labor market.

### 2. Why is RIT making these changes?

RIT is introducing a new staff wage grade structure to ensure that we are paying staff in a consistent, market-competitive and internally equitable way which supports our compensation philosophy. By using a robust, proven job evaluation methodology, we can be sure that each staff position is in the appropriate wage grade band, based on the current market rate.

### 3. What is RIT's Compensation Philosophy?

RIT's compensation philosophy is to compensate our employees, on average, at the 50<sup>th</sup> percentile of the labor market.

### 4. What is the definition of some of the terms used in compensation?

Compensation has a unique vocabulary; the following terms are common:

- **50<sup>th</sup> Percentile:** The 50<sup>th</sup> percentile of the labor market is the annual salary at which 50% of similar jobs are paid a lower amount and 50% of similar jobs are paid a higher amount. Sometimes called the "market midpoint," the 50<sup>th</sup> percentile is used as the target point for pay in a number of employment sectors, including higher education. RIT aims to align our compensation structure with this point because it allows us to maintain a competitive position in the market and attract, retain and reward employees.
- **Midpoint:** Sometimes called market point or control point, this is the dollar target that identifies where a position is paid outside of RIT in terms of the 50<sup>th</sup> percentile. It also refers to market-competitive pay levels. It is what we refer to when we say "this is what the market is paying for this job."
- **External Labor Market:** Refers to individuals who are performing work.
- **Wage Grade Structure and Wage Grade Band:** The wage grade structure is the group of wage grade bands within the university. Each wage grade band identifies the minimum, midpoint and maximum levels of pay for a staff position within RIT.
- **Compa-ratio:** The relationship between the midpoint of a wage grade band and the pay amount for an individual whose job falls within that wage grade band. It is a formula that is calculated by dividing the individual's pay by the midpoint of the grade. If a compa-ratio is less than 1.0 (100%), the individual is paid below the midpoint (market); if a compa-ratio is over 1.0 (100%), then the individual is paid at a level above the midpoint (market).
- **Position Assessments (also referred to as Job Evaluation Methodology):** An internal process to evaluate a position based on the duties, responsibilities, and knowledge needed to perform the job.
- **Benchmark Schools:** Also referred to as peer schools, it is the set of schools that RIT uses to compare salary data. The list of RIT's current benchmark schools is posted on the [HR website](#).

- **Salary Surveys:** Independent organizations collect and report on what various positions are paid in the external labor market. RIT utilizes a number of surveys to gather this information including CUPA-HR (Colleges and Universities Professional Association – Human Resources; this survey focuses on higher education and includes our 22 benchmark schools); EduComp (provided by Western Management, a well-known survey company; this survey also focuses on positions in higher education); Rochester Business Alliance Survey (this survey focuses on market data for the Rochester area across many types of employers).
- **Market Assessment:** The process RIT uses to find out what other employers are paying for similar positions. We use salary surveys to determine this information.
- **Internal Equity:** Refers to an internal comparison of jobs within RIT to ensure that jobs with similar levels of responsibilities are grouped within the same wage grade band.
- **Exempt, Non-Exempt and Fair Labor Standards Act:** The Fair Labor Standards Act (FLSA) is the federal law that indicates whether a position qualifies for overtime payments after 40 hours of work in a week. If a position is classified as “Non-Exempt” then the law applies to the position and individuals who perform that job must be paid time and one-half pay for all hours worked over 40 in a work week. If a position is “Exempt” from the law, then the position does not qualify for this overtime payment. There are several qualifications or “tests” that a position must meet in order to be classified as exempt. (Please note that the FLSA covers additional items beyond overtime. If you are interested in more information please refer to the U.S. Department of Labor’s website.)

#### **5. What is changing as a result of the project and when?**

Two things are changing as a result of the project. First, Human Resources will now utilize an updated process for position assessments. Second, a new wage grade structure has been created for staff positions. The new structure will be effective July 1, 2013 and will be posted on the HR website on that date. Individual letters will be sent to each staff employee and will identify their new wage grade band as a result of this project. The letters will be marked confidential and will be sent to the employee’s home address at the end of May, 2013.

#### **6. How was the new wage grade structure created?**

Human Resources worked with Towers Watson, a leading compensation consulting firm with expertise in higher education, to create the new structure. RIT positions were benchmarked against the labor market and appropriate pay ranges were created.

#### **7. Is the new wage grade structure different from the current structure?**

Yes. A majority of positions will have a new target midpoint based on the market data that was gathered. As a result, it was necessary to set up a new structure, rather than try to update the old structures. In addition, we were able to simplify our current wage grade structures and eliminate redundancies by creating a single wage grade structure for staff positions.

#### **8. How many wage grade bands are in the new structure?**

There are 20.

#### **9. How wide is the wage spread for each band?**

The spread between the minimum and the maximum for the first 3 wage grade bands is between 35% and 50%; it is about 60% for the remaining bands. Wage grade bands typically have this range.

#### **10. Does the new wage grade structure apply to everyone?**

The new wage structure will apply to staff positions only. Faculty positions are compared to the market based on rank and do not utilize wage grades. In addition, the President’s position and the Officers positions for RIT are not

included in the new wage grade structure. These positions are evaluated annually by the Board of Trustees using market data from our benchmark schools.

**11. When will the new wage grade structure take effect?**

The new structure will take effect July 1, 2013.

**12. What criteria were used for the internal position assessment process?**

The following criteria were used to evaluate for each staff positions: 1) Knowledge needed to perform the position responsibilities; 2) Leadership and/or guidance that positions provides to others; 3) Level of analytical and problem solving skills required to do the work of the position; 4) Level of responsibility and the resulting impact on the university, division, department and/or work group; 5) Level of interpersonal/communication skills required to meet the responsibilities of the position.

**13. Who performed the assessment and who reviewed the results of the evaluation?**

Human Resources performed the initial assessments, with the assistance of Towers Watson. The results were then reviewed with college and division leaders for agreement. HR made modifications to placement in the new wage grade structure based on the leader's feedback/clarification of job responsibilities.

**14. What if managers have questions about the new wage grade assignment for one of their employees?**

The manager should contact their Human Resources Services Manager (HRSM); the [HRSM listing](#) is on the HR website.

**15. How did you determine how jobs were placed in wage grades?**

RIT's Human Resources team, with input from Towers Watson, our compensation consultant, classified the placement of jobs in our new wage grade bands. Assistance from managers/supervisors was provided as needed. The process followed these steps:

- **Select market data:** With the assistance of Towers Watson, we obtained salary surveys, pay data and detailed job descriptions from other employers with a primary focus on higher education institutions and our benchmark schools.
- **Match positions:** RIT's positions were compared to jobs in the surveys to determine market pay rates. The matches were based on job responsibilities, knowledge, and skills required.
- **Build the structure:** We developed wage grade bands based on the market pay rates for matched positions. We ensured that the minimum of the first wage grade band was at or above the City of Rochester Living Wage.

**16. Will the new wage grade structure be shared with the entire organization?**

Yes. The new wage grade structure will be posted on the Human Resources website July 1, 2013.

**17. Will the changes affect my base pay?**

RIT will not increase or decrease any staff member's base pay as a result of the movement to the new wage grade structure. However, the position of an individual's pay compared to the market will be reviewed in our new annual market review process. This review will take place after the completion of the merit review process. Recommendations for market-related increases will be made based on gaps to the market, employee performance and available budget dollars and will be reviewed by senior leaders within the colleges and divisions. If approved, employees will receive individual notification of any pay increase as a result of the market analysis. The effective date of any market adjustment in pay will be made in the September time frame.

**18. Will staff still receive merit adjustments this year?**

Yes, we will follow our normal process for merit. Merit adjustments are primarily driven by performance, however, current pay compared to the market will also be considered, along with available budget dollars.

**19. Does the new wage grade structure mean merit adjustment activities and timing will change?**

No. The timing and activities associated with merit adjustments will not change — merit increases will continue to be effective in July.

**20. Will the new wage grade structure be utilized in the 2013 merit program?**

Yes.

**21. If my current base pay is above the maximum of my new wage grade band, will my base pay be decreased? Will it be capped?**

No one's base pay will be decreased as a result of this project. RIT recognizes that the current base pay of a limited number of employees is over the maximum of the new wage grade band for their position. If you are in that situation, you will still be eligible for merit dollars based on your performance; however, those dollars will likely be awarded as a lump sum rather than as an increase to your base pay.

**22. How can I increase my earning potential if my current base pay is close to or above the maximum for the range?**

If you're paid at or above the maximum of your new wage grade band and would like to increase your base pay potential, you are encouraged to schedule time with your manager to discuss your career interests and development, as well as potential opportunities for additional responsibilities or alternative positions within RIT. RIT's [Center for Professional Development](#) (CPD) provides training opportunities to prepare employees for new responsibilities.

**23. Will my job title, job description or job responsibilities change?**

We used current job titles, job descriptions and job responsibilities for our analysis. We encourage individuals to review their job descriptions with their supervisors on an annual basis to ensure they are accurate. If significant (30%) job responsibilities have changed for a position, the supervisor should request a review of the position by Human Resources.

**24. How will the wage grade structure be reviewed in the future?**

We will review our wage grade structure on an annual basis to ensure that our pay levels continue to align with the external labor market.

**25. When will future market adjustments be made? Will it be at the same time as the merit process?**

The market review will take place annually after the merit process. Market adjustments will be considered based on several factors including job performance, gap to market, and available budget dollars.

**26. Why does the market adjustment take place at a different time from merit?**

The results of the merit process need to be analyzed to determine what market gaps exist, if any.