Total Rewards Market Study – Open Fora

PRESENTED BY KANSAS STATE UNIVERSITY HUMAN CAPITAL SERVICES AND CBIZ HUMAN CAPITAL SERVICES

MARCH 28, 30 AND 31 2016
Introduction

• Kansas State University Human Capital Services
  – Cheryl Johnson, Vice President for Human Capital
  – Derek Smith, Director Compensation and Organizational Effectiveness
  – Jennifer King, Assistant Director Compensation and Organizational Effectiveness

• CBIZ Human Capital Services
  – Amber Duncan, CCP, SPHR, Manager, Compensation Consulting
Overview

• Review objectives and methodology
  – Compensation and classification system
  – FLSA review
  – Job descriptions
• Provide an overview of results
• Discuss findings and recommendations
• Answer Your Questions
Project Objectives
Project Objectives

- Develop compensation philosophy
- Create a classification system that better organizes jobs
- Develop job families and career ladders
- Benchmark K-State jobs to market
- Create a total rewards system that allows K-State to administer compensation into the future
- Document jobs and positions
- Determine FLSA status of each position
Project Methodology
Project Methodology – Completed Steps

Initiated Project
• Conducted project kick-off meetings with key K-State staff
• Established project goals
• Collected organizational, job and employee information

Evaluated job documentation
• Developed a job analysis questionnaire (JAQ) and obtained additional up-to-date employee duties, responsibilities and qualifications – 82% response rate
• K-State employees completed JAQs and supervisors provided input
Project Methodology – Completed Steps

Developed Compensation Philosophy
• The primary benchmark for the University in this study was the market 50th percentile

Identified Comparable Entities and Relevant Markets
• Identified benchmark jobs and appropriate labor market characteristics
  – Industry – Public Higher Education Institutions and the General Labor Market, as appropriate
  – Location – Manhattan, Salina or Olathe, Kansas
  – Organizational Size
Project Methodology – Completed Steps

Classification Plan

• Based on the evaluation of all job documentation, proposed reclassifications
• Recommended new job titles and career progression
• Identified job families and drafted definitions
• Proposed a new titling structure to enhance consistency across departments
Proposed Job Families

- Academic Student Services
- Administrative Support
- Agriculture
- Animal Health
- Athletics
- Aviation/Engineering Technology
- Business & Finance Services
- Child & Youth Education Development
- Communications/Marketing
- Environmental Health & Safety
- Grants & Contracts
- Hospitality
- Human Capital
- Information Technology
- Legal
- Mental & Physical Health
- Museum & Library
- Physical Infrastructure
- Program & Project
- Research
- Safety & Security Services
Project Methodology – Completed Steps

External Market Analysis

• Assessed market competitive compensation levels for K-State’s positions
  – Database with over 1,900 published survey sources
  – CUPA-HR Data Including Selected Peer Institutions:
    • Auburn University
    • Clemson University
    • Colorado State University
    • Iowa State University
    • Louisiana State University
    • North Carolina State University
    • Oklahoma State University
    • Oregon State University
    • University of Massachusetts – Amherst
    • Washington State University

• Compared actual skills, duties and responsibilities to market data rather than merely matching job titles

Revised Salary Structures
## Project Methodology – Salary Structure Design

*Illustrative Purposes Only*

**Title: Job XYZ**

**Market Benchmark:** $35,455

<table>
<thead>
<tr>
<th>Grade</th>
<th>Minimum</th>
<th>Midpoint</th>
<th>Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$24,778</td>
<td>$30,972</td>
<td>$37,166</td>
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<tr>
<td>2</td>
<td>$27,398</td>
<td>$35,618</td>
<td>$43,837</td>
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<tr>
<td>3</td>
<td>$31,508</td>
<td>$40,960</td>
<td>$50,413</td>
</tr>
</tbody>
</table>
Project Methodology – Completed Steps

Financial Impact Analysis

• CBIZ modeled preliminary implementation costs and identified employees above or below the proposed ranges

FLSA exemption analysis in coordination with K-State Legal Counsel
Findings
Findings

Actual Annual Base Salary Compared to Market 50th Percentile Base Salary

KSU Base Salary
Market Base Salary
Linear (KSU Base Salary)
Linear (Market Base Salary)

KSU Base Salary Trendline Equation and R-Square:
y = 0.96x + 1,676.71
R² = 0.84
Findings

Comparative Salary Analysis

• The average overall compa-ratio as compared to the market 50th percentile is 97.0%, indicating that employees, on average, receive salaries nearly at the market median.

<table>
<thead>
<tr>
<th></th>
<th>Below Salary Range Minimum</th>
<th>Above Salary Range Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Employees</td>
<td>458</td>
<td>344</td>
</tr>
<tr>
<td>Total Amount ($)</td>
<td>$1,393,561</td>
<td>$2,363,263</td>
</tr>
<tr>
<td>Total Amount as a % of Payroll</td>
<td>0.98%</td>
<td>1.66%</td>
</tr>
</tbody>
</table>
Findings

K-State Pay Compared to Market
Unclassified and University Support Staff

- 2600 Employees
- 344 Employees
- 458 Employees

- In Range 76%
- Above Maximum 10%
- Below Minimum 14%
## Findings

<table>
<thead>
<tr>
<th>County</th>
<th>Average Household Size</th>
<th>Poverty Level Algorithm</th>
<th>Cost of Living % of National</th>
<th>Living Wage Multiple of Poverty</th>
<th>Living Wage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Riley</td>
<td>2.45</td>
<td>$17,802</td>
<td>1.50</td>
<td>99.3%</td>
<td>$26,516</td>
</tr>
<tr>
<td>Johnson</td>
<td>2.51</td>
<td>$18,052</td>
<td>1.50</td>
<td>95.7%</td>
<td>$25,913</td>
</tr>
<tr>
<td>Saline</td>
<td>2.45</td>
<td>$17,802</td>
<td>1.50</td>
<td>92.7%</td>
<td>$24,754</td>
</tr>
</tbody>
</table>
## Findings

<table>
<thead>
<tr>
<th>Employees Below Market Minimum and Below Living Wage</th>
<th>Employees Below Living Wage</th>
<th>Employees Impacted by Living Wage Adjustment</th>
<th>Additional Cost to Implement (Beyond Below Min Increases)</th>
<th>Percentage of Payroll</th>
</tr>
</thead>
<tbody>
<tr>
<td>80</td>
<td>355</td>
<td>1,136</td>
<td>$3,305,751</td>
<td>2.3%</td>
</tr>
</tbody>
</table>

*Please note, an error was made on this slide during the first open forum, the number of employees below market minimum and below living wage was incorrectly stated, the correct number is 80.*
Findings – Non-Research

Employee Placement within the Salary Range - Structure A

- Proposed Salary Ranges
- Employee Range Penetration
Findings - Research

Employee Placement within the Salary Range - Structure B

- Proposed Salary Ranges
- Employee Range Penetration
## Benefits Categories

<table>
<thead>
<tr>
<th>Benefit Categories</th>
<th>Market-Competitive Benefits Data</th>
<th>Actual Benefits Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Average Annual Dollars/Employee</td>
<td>Percent of Payroll</td>
</tr>
<tr>
<td>Payments for Time Not Worked</td>
<td>$7,184</td>
<td>9.84%</td>
</tr>
<tr>
<td>Medical and Medically-Related Payments</td>
<td>$11,543</td>
<td>16.04%</td>
</tr>
<tr>
<td>Retirement and Savings</td>
<td>$6,890</td>
<td>9.43%</td>
</tr>
<tr>
<td>Other</td>
<td>$1,024</td>
<td>1.99%</td>
</tr>
</tbody>
</table>

## Findings
Recommendations

• Adopt the revised market-based salary structures.
• Increase the compensation of all employees to the minimum of their respective salary ranges.
• Maintain pay for employees above maximum of their respective grade.
• Update the pay structures annually. CBIZ will provide salary increase and structure adjustment recommendations to K-State for five years to keep the system up-to-date.
Next Steps

• K-State’s goal is to have all employees to the minimum of the ranges by Fiscal Year 2018

• Employees will receive personal statements regarding the individual impact of the study by September 30, 2016. The statements will include revised job title, salary grade assignment and market compa-ratio.

• Administrators will work to identify funding sources for minimum and merit increases
Questions
Market Analysis Findings
K-State Pay Compared to Market

University Support Staff

- In Range: 77%
- Below Min: 17%
- Above Max: 6%

- 1,193 Employees
- 92 Employees
- 256 Employees
Market Analysis Findings
K-State Pay Compared to Market

- Unclassified: 1,407 Employees
- Below Min: 202 Employees
- In Range: 76%
- Above Max: 13%
- Unclassified: 252 Employees