

OWENS COMMUNITY COLLEGE PROCEDURES

Compensation Program

Board Policy No.: 3358:11-5-01

Human Resources – Compensation Procedures

The compensation program is based on Owens Community College employment and compensation strategy, which:

- Establishes compensation ranges for positions at Owens Community College that enable the College to pay competitively compared with the market and reward individual experience, skills, and performance
- Sets and upholds policies for managing compensation and career progression that ensure internal equity and consistent application of the program.
- The policy and procedures apply to all regular full and part-time non-bargaining unit employees.

Compensation Strategy

Owens Community College will maintain a career and compensation program directed toward attracting, retaining, and rewarding a highly qualified and diverse workforce to serve students, faculty, and staff. Pay will be set at levels competitive with the College's comparison markets.

A position's grade is determined based on an evaluation of both the external competitive market for the position, as well as the relative grade among similar positions across the College.

The College benchmarks its pay against organizations with similar characteristics. Different market comparisons are used for different positions across the institution based on the type of position.

Base compensation is the primary means of pay delivery at the College. Annual merit increases are the primary method for adjustments, but market adjustments may also be considered when deemed necessary.

Annual merit increases shall be based on the performance of an individual and the contributions made to the institution.

Pay Grades & Structure

Owens Community College pay grades and structure enables the College to manage compensation competitively against the market through market-based compensation grade ranges that provide enough width to account for variation in individual experience and performance.

The Owens Community College pay grades structure contains various grades. Each of the grades has a minimum, midpoint, and maximum reflecting the range of compensation in the market for the positions in the grade. Owens Community College benchmark positions (e.g., positions for which market data is available) are placed into the structure based primarily on an analysis of compensation in the market for each of the positions, along with internal equity considerations. Non-benchmark positions (e.g., positions unique to the College or for which market data is not available) are placed into the structure based on a comparison of the scope, impact, and responsibility of the position to benchmark positions.

The pay grade structure provides guidelines for Owens Community College to set and manage compensation. Employees can expect to be paid within the range of the grade for their position, except in the case of reemployment of a retiree. Employees primarily advance within the grade through annual merit-based increases.

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The Owens Community College pay grade structure may be found on the Intranet, Human Resources, Compensation and Payroll: Non-bargaining unit Employees Salary Schedule.

Annual Review of Pay Grades and Ranges: Members from the Human Resources Department, Vice President, Business Affairs and Vice President, Administration and with consultation of selected leaders from various academic and administrative departments will annually review the pay grades and ranges. In addition, a review of the positions assigned to each pay grade in comparison to pay rates by other employers in the various labor markets in which the College competes. The review will include data and other information on conditions in the relevant outside labor market and changes in the cost of living and may recommend to the Vice Presidents for the President's approval any changes necessary to remain competitive.

Days Worked

Yearly contracts will be computed to a number of days/hours worked; therefore, a twelve-month (260 days) contract will be considered as two thousand eighty hours, which includes vacations and paid holidays. Schedules for lesser work periods include paid holidays but do not include paid vacation. As a result, the following will be applied to the full-year schedule.

<u>Days Worked</u>	<u>No. of Hours</u>
260 days	= 2,080
220 days	= 1,760
210 days	= 1,680
200 days	= 1,600
190 days	= 1,520
180 days	= 1,440
173 days	= 1,384

Employee Pay Decisions

The guidelines outlined for making employee pay decisions take into consideration multiple factors. These include an employee's skills, knowledge, experience, and performance, while ensuring consistency and maintaining internal equity and market competitiveness. The guidelines also support pay decisions for a variety of circumstances, as seen in the items listed below.

- **New Hires**

- Individual Pay - Human Resources will set pay within the pay grade collaboratively with the hiring manager, based on the applicant's skills and experience. Generally, a new hire employee will be hired within the first quartile of the hiring range, as noted on the pay grade schedule. Less skilled and experienced applicants may be paid lower in the first quartile range; more skilled and experienced applicants may be paid higher in the first quartile range. Special considerations may be reviewed by the College administration on a case by case basis.
- An employee's compensation will not be placed below the minimum rate of the position's grade range, except in the case of a reemployment of a retiree.
- Review Internal Equity - Human Resources will conduct a review of base pay of current employees in similar positions to ensure internal equity.
- Outside of Q1 Max – New employees will be hired in the first quartile hiring range as noted on the pay grade structure. New employees are expected to perform the basic duties and responsibilities of the position after normal training. Employees shall be hired at no less than the minimum base pay of the first quartile hiring range of the pay grade to which the classification is assigned.

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Likewise, the base pay of new employee shall not exceed the top of the first quartile hiring range to which the classification is assigned. In circumstances where a new hire possesses significant education, experience, skills, certification(s), and/or knowledge that are valuable to the success of the position, the new hire may be hired outside of the first quartile hiring range with the following approvals:

- The hiring manager must request and receive approval of the Vice President of the area to hire a candidate above the first quartile hiring range.
- To provide consistency and prevent claims of discrimination, Human Resources must review all documentation, including market and internal comparison data, and concur with the advance placement of a prospective hire above the base of the targeted hiring range.
- The Senior Leadership Team (VP's and President) must approve the proposed base pay above the first quartile of the targeted hiring range.

The standard used to determine a recommendation above the base of the targeted hiring range shall be as follows:

- 1st Quartile – exceeds minimum qualifications for the position with documented experience, competencies and education above requirements, with an ability to be fully functioning in the position with close supervision during the orientation period and six months of training.
- Mid-point - the midpoint or the market reference point is considered appropriate for experienced and fully qualified employees whose performance and experience fulfill the major requirements of the position and enables them to perform most aspects of the job effectively with little or no supervision and/or training.
- Above the mid-point - placement above the mid-point is considered appropriate in very limited circumstances and only for a very broad and highly experienced, educated, and skilled employee. The individual should be highly knowledgeable in the job and related areas, possessing a specialized skill or unique knowledge and serve as an expert resource. The individual requires little supervision or coaching with a very short orientation period.

- **Annual Performance Appraisal**

- The goal of the annual performance appraisal process is to provide employees with feedback on their performance and accomplishments for the previous year. This program should also assist employees in the continued understanding of their job responsibilities and supervisors' performance expectations. Performance conversations are expected to happen throughout the year. Performance goals for the upcoming year and specific plans to help employees meet those goals should also be established through this process. The third component of the appraisal process is to give the employee feedback on professional development goals and set professional development goals for the upcoming year. All performance appraisals must be submitted to Human Resources by June 30th of that year.

- **Merit Increase Program**

Owens Community College merit increase program recognizes and rewards the contributions of employees. Each year, the College establishes a salary increase pool, when funds are available. The College uses this pool to provide pay adjustments as merited by performance rating distribution.

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The pay adjustment amounts will not be shared until the distribution is finalized. Performance appraisals must be completed for all eligible employees to support the merit increase program.

Pay adjustments for merit will typically be awarded in January.

Eligibility for Merit Increases: Applies to all non-bargaining unit regular full and part-time employees, with one (1) year of continuous service

- For employees hired, re-employed, promoted, a prorated merit award may be considered for eligible employees with more than six (6) months of continuous service but less than one (1) year of continuous service.
- For employees hired, re-employed, with less than six (6) months of continuous service, are not eligible for merit increase program.
- Employees on an active Final Warning, Last Chance Agreement or Performance Improvement Plan will not be eligible for the merit increase program or a pay adjustment.

Individuals in the following classifications are NOT covered by these guidelines:

- Student workers and interns
- Occasional and temporary workers
- Employees in collective bargaining units

Individuals in the following classifications MAY or MAY NOT be covered by these guidelines:

- Employees on unpaid leave of absence
- Employees on long-term disability

At or Above Pay Grade Max: Employees who are within the maximum of their pay grade, or who are above the maximum of their pay grade will be ineligible for a merit increase. Employees who are within the maximum of their pay grade, or who are above the maximum of their pay grade will still be required to complete an annual performance appraisal.

- **Promotions**

- A promotion occurs when an employee moves into a different position having greater responsibility and a higher pay grade. Generally, a pay adjustment may be recommended at the time of the promotion. The size of the promotional pay adjustment should reflect the following:
 - The amount of additional responsibility being accepted by the employee in the new position;
 - Duration of time since last pay adjustment;
 - The employee's current base pay with respect to the new position's assigned first quartile: the increase should bring the employee's base pay at least to the minimum of the new pay grade but typically not above the first quartile, special considerations may be reviewed by College administration on a case by case basis;
 - The employee's qualifications for the new position;
 - The relationship of the employee's new pay to the salaries of other employees in the new grade;
 - Whether the employee's base pay already falls well within the new pay grade/ range, in which case a lesser increase may be warranted;
 - Promotions from one level of individual contributor role to another in a higher grade within the same job family typically require lesser increases; and
 - Promotions to a new functional area, or to a substantially higher organizational level, or from a non-exempt to exempt position all may require more of an increase (for example,

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to compensate for loss of overtime earnings in moving from a non-exempt to an exempt position).

- **Position Reclassification**

- During the normal course of operations, changes in primary position responsibilities may make it necessary to rewrite or update staff position descriptions. If the position has changed substantially, the position description should be rewritten and submitted to Human Resources for review.
- A job reclassification occurs when the job duties increase or decrease significantly, or the market rate for the job changes, such that a change in grade and possibly base pay is warranted.

Criteria Assessed for Reclassifications:

- The percentage of duties have changed;
- The degree of change in level of responsibility;
- The market rate for the job;
- The relationship of the employee's pay rate to other employees in the new grade;
- Whether the employee's pay rate already falls well within the first quartile range, in which case a lesser increase may be warranted; and

The following are examples of situations that may warrant a position reclassification:

- Department reorganization and position restructuring
 - Addition of full-time staff reporting to the position
 - Addition or removal of significant new area(s) of responsibility
 - Major change in level of authority and accountability
- It is essential to distinguish between a change in the position content for an employee and a change in the employee's skills, knowledge, or performance. A change to how work is done (e.g., changes to the tools or processes used to perform duties) does not normally warrant a position reclassification or pay adjustment. While such a change may require training to learn new software or methods, it does not usually change the purpose or overall accountabilities of the position.
 - Minimal changes in a position also do not influence market value or the position's core role at the College and therefore will not warrant reclassification (e.g., procedural changes to existing work, responsibility for overseeing student workers). In addition, a position will not be reclassified if the incumbent earns a degree or achieves another educational milestone, unless this results in changes in the position, level of authority, scope of responsibility, etc.
 - Once a position has been reclassified, Human Resources will recommend the appropriate employee base pay within the current or new grade.

Note: Requests for reclassification should be made by the supervisor to whom the position reports, not by individual employees. If a staff member believes their position needs to be reclassified, they should discuss this with their supervisor, who will review the request with the Vice President who has responsibility for that area and Human Resources to determine the appropriate course of action.

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- **Lateral Transfer**
 - Not all career advancement opportunities are promotions. An employee can advance in his or her career by taking a different position in the same pay grade. This enables him or her to become broadly skilled, enhancing his or her ability to contribute to Owens Community College. Generally, lateral transfers are not eligible for pay adjustments. A lateral transfer is the movement of an employee from one position to another, which is equal in grade. When a lateral transfer occurs, the employee may be transferred at the same rate of pay providing the rate is within budget and that it does not have any negative effect on internal equity.

- **Demotions**
 - At times, staff may be reassigned to a position in a lower pay grade. This may occur in order to find a more appropriate fit between the employee's capabilities and the skills and expectations of a different position, or because the employee chooses to take on a position with fewer responsibilities. Additionally, an employee may move to another job in a lower grade level due to performance issues, is moved to another job in a lower grade level due to a reorganization and subsequent elimination of the existing position or the employee's position is re-evaluated at a lower grade due to a significant decrease in responsibilities in the current position.

 - When an employee is reassigned to a position in a lower pay grade, either voluntarily or involuntarily, this will result in reduced pay. Pay rate may be reduced at the beginning of the appropriate pay period to be within the first quartile of the grade range of the new lower-grade job, while considering internal equity. Special considerations may be reviewed by College administration on a case by case basis.

- **Temporary/Special Assignment**
 - Employees who are given temporary or special assignments should retain their current job title and grade until such time as they are assigned another regular position or resume their original job responsibilities.

 - Additional compensation may be provided through use of “**additional compensation.**” (see below).

 - Once the employee returns to their original position, they should return to their original pay and no longer receive the additional pay. The employee’s regular supervisor and the temporary supervisor are jointly responsible for any compensation actions affecting the employee on temporary assignment.

- **Equity Adjustment**
 - The goal of equity adjustments is to establish equitable pay relationships among employees performing the same job, or the same type and level of work, considering education, skill, related work experience, length of service, and performance level. Pay inequities among employees in the same position or closely related positions should be addressed. Pay relationship inequities between employees and their supervisors should be evaluated as well. Human Resources must be contacted to assist with evaluating equity issues within a department and should approve all pay compression/equity adjustments.

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- **Market Adjustment**

- Market adjustments, primarily used during the recruitment and selection process, may be provided when an employee's pay is not in line with pay for similar jobs in the external labor market. For example, the demand for employees with a particular skill set may increase. This may become apparent when filling an open position or when turnover occurs.
- If a supervisor has concerns that a job is not being compensated at market levels, Human Resources should be contacted.
- After completing a market analysis, a decision will be made whether or not to adjust the pay grade and whether individual payment adjustments are necessary.

- **Additional Compensation**

- From time to time, it may be necessary for employees to take on responsibilities that are distinctly separate from or in addition to their primary position. Appropriate compensation for the nature of these assignments will be reviewed by Human Resources and the employee's supervisor on a case-by-case basis.
- An exempt employee, by nature of their position, is considered to be available for work assignments without additional remuneration at times other than their regularly scheduled hours. However, there are circumstances when additional payment may be appropriate.
- A non-exempt employee who takes on additional duties will be paid for all hours worked. If a change to their hourly rate is approved by Human Resources, the new rate must be paid on all hours worked, including overtime.
- A supervisor must consult with Human Resources before establishing payment or committing to pay an employee for additional duties. This communication with Human Resources must occur prior to any communication with the employee.
- **Stipend** – a stipend may be approved for additional compensation for a staff member who temporarily assumes responsibility for, and performance of, another position in addition to his or her primary position responsibilities. A stipend may also be warranted for work that is being performed on an ongoing basis and is distinctly separate from and unrelated to an employee's primary position.

Note: A stipend may be in the form of a percentage or hourly rate adjustment or a flat amount that is annualized.

- The performance of work outside an employee's regular duties or department should not conflict with or reduce effectiveness of the employee's performance of his or her primary position responsibilities.
- All decisions regarding the appropriateness of additional compensation must be approved by Human Resources and the Vice Presidents/President. Funding for these changes must be approved by the Office of Business Affairs.

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Position Description Instructions

The position description should accurately reflect the duties and responsibilities of the position. A well-written position description produces a mental picture of a job and eliminates the question, “But what does the person in this position actually do?”

Position descriptions reflect a position’s assigned duties as they exist today and not as they may be in six months. The position description provides the information necessary to classify the position.

Position descriptions should be “incumbent neutral” and not based on any quality of an incumbent (such as knowledge, skills, abilities, performance, dedication, years of service, or degree).

Position descriptions include:

- Position Description Header
- Position Summary
- Job Duties/Responsibilities
- Supervision Exercised
- Working Conditions/Physical Effort
- Qualifications
- Education and Experience

Position Review Process

When a Vice President is developing a proposal for a new position, a preliminary review with Human Resources may be appropriate to begin identifying essential functions, pay grade, number of direct reports and education requirements.

When a full-time, part-time regular or grant-funded position becomes open or vacated, the supervisor can request for it to be replaced through the Vice President of the division/area of responsibility, or when applicable, to the President.

Then, the Vice Presidents review replacement and proposed new positions as a collective in the leadership meetings with the President. Each request will use a standard template, which can be obtained from Human Resources.

When President/Vice Presidents grant approval/consensus, the recorder for the Vice President meeting will send an official email notification of VP/President approval for employment transaction(s) to: Human Resources, Financial Analyst, Budget/Systems, Manager, Budget/Cash, Vice President, Administration and Vice President, Business Affairs/CFO. No employment transaction that requires VP approval will be initiated without this official notification. After the official notification is made, the supervisor may follow up with Human Resources on next steps in the position search process.

Effective Date: January 18, 2022