

**Task IV: Compensation Study**

The purpose of the compensation study is to ensure the compensation structure is competitive with the relevant labor markets for personnel. It will be necessary to identify comparable surveys and job classifications on which to collect comparable market data. During this task, we will also integrate the job evaluation results with the labor market survey analysis to develop a classification and salary structure that reflects the proper balance of internal and external equity.

In order to review the University’s compensation package from a total compensation perspective, we will assist the University in identifying the right surveys on which to collect and analyze the market’s pay practices and benefits data.

During this task, the Human Resources Officers and others as appropriate, will be responsible for assisting FLA in selecting salary data bases to use within the University’s labor market, selecting benchmark jobs, reviewing the data collected and reviewing the draft compensation report produced by FLA (the majority of the University’s time will be spent reviewing the draft compensation report).

In summary, we will perform the following:

ACTIVITY	FLA RESPONSIBILITIES	CLIENT RESPONSIBILITIES
<p><b>Define Labor Market</b></p>	<ul style="list-style-type: none"> <li>▪ We will work with you and select the surveys and databases to use to match the jobs within the University’s defined recruitment market.</li> <li>▪ When determining surveys to use, we believe that geographic location, industry, validity and reliability of the data are major considerations. If appropriate, the surveys used may vary based on the level of job surveyed (i.e. different jobs have different recruiting markets).</li> </ul>	<ul style="list-style-type: none"> <li>▪ The University will be responsible for ensuring that all interested parties within the organization including, but not limited to unions and management approve the list of surveys.</li> <li>▪ As needed, the University will purchase any additional surveys that may be identified as useful.</li> </ul>
<p><b>Select Benchmark Jobs</b></p>	<ul style="list-style-type: none"> <li>▪ We will work with you in selecting benchmark jobs. Given the number of job</li> </ul>	<ul style="list-style-type: none"> <li>▪ The University will be responsible for ensuring that all interested parties within the</li> </ul>

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	<p>classifications, we recommend the University select up to 50 benchmark jobs. However, the number of benchmark jobs will be discussed with the University and an appropriate number will be jointly selected.</p> <ul style="list-style-type: none"> <li>▪ <i>WorldatWork</i> guidelines suggest that when an organization uses a job evaluation instrument, then only about 30% of the job titles need to be surveyed to develop a valid salary structure.</li> <li>▪ Benchmark jobs should be representative of the level of responsibility throughout the University, jobs found in most organizations, or those jobs that the University is having recruitment or retention problems.</li> </ul>	<p>organization including, but not limited to unions, management, and the Board, approve the list of benchmark jobs.</p> <ul style="list-style-type: none"> <li>▪ The University will provide its data for comparison to the market data.</li> <li>▪ The University will provide FLA with an electronic file containing requested employee information.</li> </ul>
<p><b>Conduct Job Matches</b></p>	<ul style="list-style-type: none"> <li>▪ We will review the survey data to obtain appropriate matches for each of the benchmark jobs. We will use the <i>WorldatWork</i> guidelines that at least 70% of the jobs must be similar.</li> <li>▪ We will enter the data into spreadsheets so that comparisons can be made to the Universities current salaries.</li> </ul>	<ul style="list-style-type: none"> <li>▪ As stated in the RFP, the University will collect the surveys and other salary data sources for FLA to use.</li> </ul>

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<b>Verify Data</b>	<ul style="list-style-type: none"> <li>▪ FLA will verify the data and develop a database of survey results that will be provided to the University for future reference.</li> </ul>	
<b>Determine Competitive Nature</b>	<ul style="list-style-type: none"> <li>▪ FLA will analyze the current pay with the market to determine if the University leads, matches, or lags the market based on the University's compensation philosophy.</li> </ul>	
<b>Update Structure/ Develop New Structure</b>	<ul style="list-style-type: none"> <li>▪ We will utilize the job evaluation results with the market pay results and develop a new compensation structure or update the existing structure; whichever is appropriate and according to the pay strategy.</li> <li>▪ We will develop the structure with standard compensation analytical tools, such as regression analysis, expanding range spreads, and other tools as appropriate to prevent pay compression, inequities, and other problems commonly associated with salary structures.</li> </ul>	<ul style="list-style-type: none"> <li>▪ The University will review the new pay structure and provide FLA with feedback and questions in a timely manner.</li> </ul>
<b>Pay Practices &amp; Benefit Levels</b>	<ul style="list-style-type: none"> <li>▪ We will also examine the competitiveness of the University's pay practices and benefits levels. We will</li> </ul>	

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	<p>recommend changes to these areas and determine the University's competitiveness from a total compensation perspective.</p>	
<p><b>Transition</b></p>	<ul style="list-style-type: none"> <li>▪ FLA will discuss with the University how it can transition from the existing system to the updated system. Considerations will be given to budget constraints and current personnel practices. It is our intention to retain and, where practical and feasible, expand on those areas of the current program that meet the objectives set forth by the University.</li> <li>▪ FLA will prepare three (3) cost implementation transition options, based on the guidance from the University.</li> <li>▪ FLA will develop a database of job titles, employees and compensation data that can be incorporated into the Oracle/Peoplesoft HR system.</li> </ul>	<ul style="list-style-type: none"> <li>▪ The University will provide FLA with up to three (3) alternative transition strategies for consideration and costing in a timely manner.</li> </ul>
<p><b>Compensation Guidelines</b></p>	<ul style="list-style-type: none"> <li>▪ We will provide the University with compensation guidelines that describe how to administer the new compensation system. The compensation guidelines will address issues such as fundamentals of</li> </ul>	