

EASTERN KENTUCKY COMPENSATION PLAN

I) COMPENSATION PHILOSOPHY:

Eastern Kentucky University's compensation program is administered, to the extent possible, to help attract top talent, retain core employees and encourage longevity while efficiently using available resources.

II) COMPENSATION PLAN FOR FACILITIES SERVICES, ADMINISTRATORS AND PROFESSIONAL POSITIONS:

1. Job Description:

- Job descriptions served as a foundation for the development of the compensation plan.
- They were developed through DACUM process and approved by Budget Area leadership.
- Each job description included the following elements:
 - Job essential functions and related duties
 - Job purpose
 - Job Scope
 - Decision Making
 - Contacts
 - Required Skills
 - Required Experience
 - Required Education

2. Job Evaluation:

- All jobs within the equity project underwent a form of job evaluation consisting of a systematic determination of the relative functions and job values within the University.
- Each job was broken down by compensable factors, which are job characteristics that are critical to the University's success and to which the University assigns value.
- A point value system was utilized to measure the compensable factors that determine the worth of all positions. The following factors were utilized in the job evaluation:
 - Knowledge
 - o Education
 - o Experience
 - o Breadth/Depth
 - Problem Solving
 - o Nature
 - o Discretion

- Decision Making
 - o Strategy/Scope
 - o Consequences
- Leadership.
 - o Supervision
 - o Employee Development
 - o Working Contacts
- Salary Range:
 - The rate ranges included the minimum, midpoint and maximum dollar value for each job on the basis of the job evaluation points.
 - The job evaluation points resulted in a placement within the job worth hierarchy of University jobs. This placement determined the appropriate salary range for the specific job and its relative worth to other jobs.
 - This process allowed for the placement of equivalent, but different, jobs to facilitate internal equity.
 - External Equity was determined by position comparison with benchmark institutions and similar entities.

3. **Internal Equity:**

- ECU cannot effectively recruit new employees or retain existing one without internal equity.
- Employees need to see a basic fairness between what they bring to the University in the way of education, experience, productivity, and other skills and efforts and how the University rewards them.

4. **External Equity:**

- It is a goal of this program to maintain external equity to attract and retain employees.
- ECU's compensation levels and practices were compared to those of other organizations that are in the same market and compete for the same employees.
- Three factors were considered that define relevant labor markets: Industry, Occupation and Location.
- Market used for the compensation structure included:
 - Salary guide CUPA-HR (College and University Professional Association for Human Resources)
 - CUPA benchmark Survey (Custom made)
 - Kentucky Wage & Benefit Survey
 - Kentucky/Tennessee compensation guide
 - Salary Center of monster.com
 - Salary Expert.com
 - Information gathered from other Universities.

- Benchmarking was used when there was no clear internal or external market data available. Similar positions were then reviewed in order to obtain compensation data.

5. Matching the Market:

- Pay rates were adjusted on the basis of Cost of Living of area. The cost of living in the Richmond Kentucky area is approximately 90% of the benchmark used in such comparisons.
- A graphical comparison showing cost of living of different areas is shown in fig 1.1.

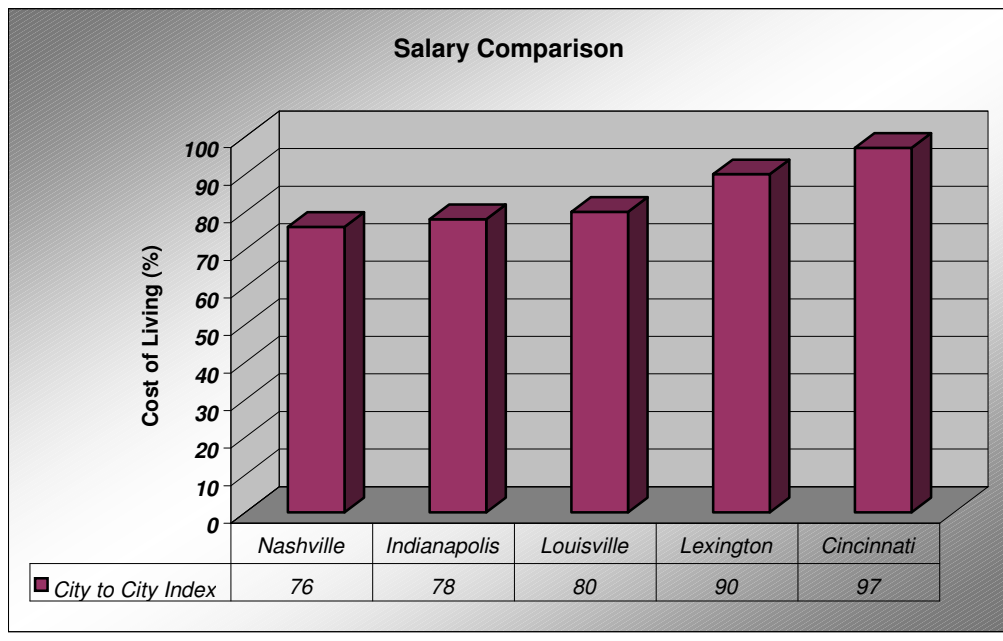


Fig. 1.1 Salary Comparison based on Cost of Living.

Source: <http://nd.placementmanual.com/workplace/>

- The most recent series of equity adjustments began in fiscal year 2002
- The following table indicates the equity dollars available and targeted job groups affected each year.
- Adjustments being made around July 1, 2005 cover both the 04-05 and 05-06 fiscal years. The adjustments to the professional group are coming from the pool for 04-05 and being supplemented by funds (pending approval) from the 05-06 pool.

Budget Year	Equity Dollars Available	Affected Job Groups
July 1, 2002	\$100,000	Custodians, Lead Custodians, Laborers, Clerical and Administrative Support
July 1, 2003	\$100,000	Skill Trades & EKV Farms
July 1, 2004	\$100,000	Professional, Para-professional, administrative
July 1, 2005	\$200,000 pending board approval of equity pool.	Custodians, Lead Custodians, Laborers, Clerical and Administrative Support
July 2005	TBD pending board approval of equity pool	All of the titles listed above

- For the FY 2003 and 2004 equity adjustments are being determined by applying the following formula. The formula was developed collaboratively with Office of Institutional Effectiveness, Human Resources and Financial Affairs.

Step 1. Target salary = (90% x Market) x (Service Factor)
Step 2. Target salary – current salary = total equity needed
Step 3. Total equity needed for all job groups / total equity dollars budgeted = 25% for FY 2003, FY 2004
Step 4. Total equity needed (step 2) X 25% = Equity Awarded to employee
Market = average salary paid to similar positions within the areas from which the University recruits.
Service factor = Individuals service in current job compared to average service of all employees within that job title.

- **After the July 1, 2005 (FY05 and FY 06) adjustments are completed, each of the job groups will be at 25% of needed equity adjustment.**

(100% = 40,018) Svc Factor [(Svc Yrs – Avg Svc Yrs).03+1]*

JOB TITLE	Svc Yrs	Current Salary	90% Market	Svc Factor	Target Salary	Adjustment	25%
Academic Advisor	9.00	40,500.00	36,016.27	1.12	40,500.00	-0-	-0-
Academic Advisor	9.00	38,500.00	36,016.27	1.12	40,018.00	1,518.00	379.50
Academic Advisor	7.00	38,000.00	36,016.27	1.06	38,177.25	177.25	44.31
Academic Advisor	5.00	32,000.00	36,016.27	1.00	36,016.27	4,016.27	1004.07
Academic Advisor	3.00	24,088.74	36,016.27	.94	33,855.29	9,766.55	2,441.64
Academic Advisor	1.00	22,000.00	36,016.27	.88	31,694.32	9,694.32	2,423.58

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- In most cases when the target factor was less than the current salary no action was taken. However in some cases further review occurred.
- In cases where the current salary was below 25% of the market due to limited years of service, special efforts were made to move individuals into the appropriate range.
- In situations where the incumbents target factor and their current salary exceeded the market, no adjustment was made.
- 90% of the market is the cap for those individuals that either have not reached the average number of service years and/or their salary is currently below 90% of the market.
- The market (median or 100% of the market) is the cap for those individuals that have reached and gone past the average service years for the job group and their current salaries are above the 90% of the market.
- The individual must be actively working in the position slated for the equity adjustment at the time of the award.