Managing Compensation & Classification

HRS Strategic Workforce Solutions
Learning Outcomes

1. Understand basic compensation and classification principles at UT Austin

2. Identify and understand competencies necessary to manage compensation
   - Define and organize positions
   - Set hiring salaries for positions
   - Manage salary equity across positions
   - Comply with federal, state, and University regulations

3. Know how to use and find basic tools
University Compensation Program

- Compensation Philosophy
- HR Role and Responsibility
- Types of Compensation for Total Rewards
- Guidelines for Classification
- Classification/Compensation Steps
- University Pay Practices
- Tools and Resources
- University Policies & State and Federal Laws
- Glossary
COMPENSATION PHILOSOPHY
Compensation Philosophy

To fulfill its mission, the university must attract and retain outstanding staff members. To meet institutional staffing needs and priorities, the compensation system has the following objectives:

- Establish compensation levels for positions on the basis of their relative internal worth and external competitiveness within relevant labor markets
- Reward employees on the basis of work performance
- Administer pay equitably and consistently
- Establish a compensation policy that is consistent with the judicious expenditure of funds entrusted to the university
- Ensure accountability for compliance with The University of Texas System Board of Regents' Rules and Regulations and statutory requirements
HR ROLE AND RESPONSIBILITY
HR Role and Responsibility

*Human Resource Services:*

- Ensures that pay practices at the University are in alignment with the compensation philosophy
- Communicates pay guidelines to assist managers understand all aspects of the compensation program
- Interprets University policies, state and federal laws that pertain to compensation
- Conducts classification and compensation studies
- Provides consultation to departments on compensation management issues
TYPES OF COMPENSATION FOR TOTAL REWARDS

Direct Compensation
Indirect Compensation
Intangible Compensation
Types of Compensation for Total Rewards

Direct Compensation
- Base Pay
- Premium Pay (overtime, longevity, hazardous, shift differential, on-call, benefits replacement pay)
- Contingent Programs (achievement award and merit pay)

Indirect Compensation
- Protection Programs (social security, workers’ compensation, unemployment compensation, pension plans, health, dental, vision, life, accidental death and long term disability insurance)
- Paid Leave (vacation, holidays, jury duty, sick leave, military leave)

Intangible Compensation
- Non-monetary rewards (work-life balance, alternative work schedules, on-the-job training, development and training opportunities)
GUIDELINES FOR CLASSIFICATION

Category of Employees
Difference between Classified and A&P
Define Work
Comply with governing rules and regulations
Performance Expectations
Guidelines for Classification

Categories of Employees

- Administrative and Professional
- Code 1000
- Classified
- Faculty
- Research
- Student
Guidelines for Classification

Administrative and Professional (A&P)

- Exempt executive or managerial (non-teaching) administrative positions engaged in strategic, tactical or operational management that have primary responsibility for the management of a department or operating unit; or,

- Exempt specialized formal professional positions requiring advanced degrees such as attorney, veterinarian, engineer or librarian.

Code 1000

- Exempt managerial (non-teaching) administrative positions that have primary responsibility for the management of a department
Guidelines for Classification

**Classified**

- Classified positions are non-teaching positions listed in the classified pay plan.
- The assignment of a classification to a position shall be determined by duties and level of responsibility of the position.
- Standardized job titles, job codes, job descriptions, and salary ranges have been established and positions could be exempt or non-exempt.
- The Compensation Plan is outlined in HOP 9.20.

See handouts:
- Compensation Information for Manager
- Search for a Job Code using Pay Plan System
- Job Code Listing using the Pay Plan System
Guidelines for Classification

**Faculty**

- Faculty titles are administered by the Provost Office.
- These are tenure or non-tenure positions engaged in teaching and research. Titles include but not limited to:
  - Professor
  - Associate Professor
  - Assistant Professor
  - Lecturer
  - Senior Lecturer
  - Visiting academic titles
  - Clinical academic titles
  - Adjunct titles
  - Instructor

- Academic Appointments are outlined in Policy Memorandum 3.125.
Guidelines for Classification

Research

- All exempt unclassified positions engaged in providing and supporting scientific research.

- Professional Research Titles include:
  - Research Scientist,
  - Senior Research Scientist
  - Research Engineer
  - Senior Research Engineer

- Entry-level Professional Research titles include:
  - Research Associate
  - Research Fellow
  - Senior Research Fellow
  - Post-doctoral Fellow

Research Appointments are outlined in HOP 7.23.
Guidelines for Classification

**Students**

- The student titles require student status as a condition of employment. There are two categories:
  - Academic Student Titles administered by the Provost Office
  - Non-Academic Student Titles administered by HRS-Staffing and Career Management Services unit
- Student compensation rates are outlined on the [HRS Website](https://hrswebsite.com).
## Guidelines for Classification

### Differences between Classified and A&P titles

<table>
<thead>
<tr>
<th>Reference Point</th>
<th>Classified Titles</th>
<th>A &amp; P Titles</th>
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<tbody>
<tr>
<td>UT Austin Pay Plan</td>
<td>Pay ranges are defined</td>
<td>Pay ranges are not defined</td>
</tr>
<tr>
<td>Classification descriptions</td>
<td>Classification Title and Classification Code</td>
<td>Classification Title and Classification Code</td>
</tr>
<tr>
<td>Required Qualifications</td>
<td>Minimum qualifications defined</td>
<td>Qualifications are not defined</td>
</tr>
<tr>
<td>FLSA</td>
<td>Mix of Exempt and Non Exempt</td>
<td>Primarily exempt</td>
</tr>
</tbody>
</table>
Guidelines for Classification

- Understand how the job fits and the reporting relationship within the department
- Define the work in a consistent manner across campus and in the external workforce environment for:
  - Recruitment
  - Reclassification
  - Job pricing
- Comply with governing rules and regulations
- Assist with performance expectation
- Establish career paths
CLASSIFICATION / COMPENSATION STEPS

Organize and Define Positions
Establish Competitive Salary
Compliance with Regulatory Requirements
## Classification / Compensation

### Steps

<table>
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<tr>
<th>Step</th>
<th>Description</th>
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<tr>
<td>Step 1</td>
<td>Understand how the position supports the mission of the organization</td>
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<td>Step 2</td>
<td>Understand the organizational structure</td>
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<tr>
<td>Step 3</td>
<td>Understand the relationship between the functional areas/units</td>
</tr>
<tr>
<td>Step 4</td>
<td>Write the purpose and job duties of the position</td>
</tr>
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<td>Step 5</td>
<td>Write the job requirements of the position</td>
</tr>
<tr>
<td>Step 6</td>
<td>Write the license/registration/certification and the working conditions</td>
</tr>
<tr>
<td>Step 7</td>
<td>Use university and departmental salary data to establish a competitive salary</td>
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<td>Step 8</td>
<td>Set salary based on performance assessment</td>
</tr>
<tr>
<td>Step 9</td>
<td>Assure compliance with regulatory requirements</td>
</tr>
</tbody>
</table>
Classification Steps: Organize and Define Positions

**Step 1: Understand how the position supports the mission of the organization**

Example: Mission of the Utilities and Energy Management Department

*To use innovation and technology to provide reliable and cost-effective electricity, chilled water, steam, deionize water, compressed air, emergency power and elevators to support the tradition of teaching and research excellence at the University.*
Classification Steps:
Organize and Define Positions

Step 2: Understand the organizational structure
Step 3: Understand the relationship between the functional areas/units of the organization and the position

Example: Utilities Management

- Administration
- Electrical and distribution services
- Energy Management
- Mechanical distribution
- Power Plants & Chilling Station Operations
- Elevators
Classification Steps: Organize and Define Positions

Step 4: Write the purpose and job duties and responsibilities of the position

Example: JC 6620, Safety Coordinator Position

Description

Purpose:
• Serve as a safety practitioner responsible for administering all phases of the safety program for Utilities and Energy Management.

Job Duties/Responsibilities:
• Develops, administers and interprets programs and policies for industrial hygiene, radiation safety, and general safety.
• Plans, organizes and directs section work activities.
• Develops and recommends policy or program changes for improvements to the campus.

See handout:
• Action Verbs, Essential Functions and Percent Time
Classification Steps: Organize and Define Positions

Step 5: Write the job requirements and skills of the positions

Example: JC 6620, Safety Coordinator Position

Description

Job Requirements:

**Required**: Bachelor’s degree in industrial management, safety engineering, chemistry, environmental health or related field. Five years of experience in chemical safety, industrial hygiene, environmental health, occupational safety, or related field. Experience conducting incident investigations and to identify and eliminate hazards; ability to conduct field specific training; ability to communicate effectively with employees at all levels.

**Preferred**: Graduate level study in one of the above fields. Six or more years of related experience.

*Equivalent education and experience may be substituted.* (See next slide.)

See handout:
- Job Specification
Educational Equivalencies

• Can incorporate educational equivalencies to a posting description to help attract a broader and more diverse applicant pool

• Equivalencies allow various levels of education and experience to substitute for one another, if appropriate

• Can not substitute educational equivalencies for required license, certification and registration

• Go to handout for guidelines

See handout:
• Educational Equivalencies
Classification Steps: Organize and Define Positions

**Step 6:** Write the license / certification / registration requirements for the position. Write working conditions for the position.

Example: JC 6620, Safety Coordinator Position

**Description**

License, Certification and Registration

Certified Safety Specialist, WSO-CSS or actively pursuing certification. Attain such certification within one year of date of hire.

**Working Conditions:**

Exposure to industrial and mechanical environments common to power plant operations—heat, noise, hazardous conditions. Frequently wears hard hat, gloves, sound attenuators. Work off hours with shift workers.
Compensation Steps: Establish Competitive Salary

Step 7: Use university and departmental salary data to establish a competitive salary

1. Look up University salary data
   - UT Classified pay plan: https://utdirect.utexas.edu/pnjd/index.wbx
   - Salary and Quartile Statistics: https://utdirect.utexas.edu/pnstat/

Example: JC 6620, Safety Coordinator Position Description

The range for the Safety Coordinator is 44,952 to 62,532; Average is 54,899

   Quartile Distribution:
   Q1 44,952 to 49,347
   Q2 49,348 to 53,742
   Q3 53,743 to 58,137
   Q4 58,138 to 62,532

(cont’d)

See handout:
• Job Code Statistics
Compensation Steps: 
Establish Competitive Salary

Step 7: Use university and departmental salary data to establish a competitive salary

2. Review your department’s budget, turnover report, business practices

3. Analyze factors listed above that influence the hiring salary

4. Decide on a competitive hiring salary

5. Call your SCMS Representative for questions/assistance
Compensation Steps: Set Salary based on Performance Assessment

Step 8: Develop salary increase allocation models to set salary

Note: Salary Restriction policy is in effect as of June 8, 2009 through August 31, 2010. No merit increases were allowed for staff in Fiscal Year 2009/2010.

<table>
<thead>
<tr>
<th>Performance Assessment</th>
<th>*Model A</th>
<th>Model B</th>
</tr>
</thead>
<tbody>
<tr>
<td>Superior</td>
<td>4%</td>
<td>3%</td>
</tr>
<tr>
<td>Very Good</td>
<td>3%</td>
<td>3%</td>
</tr>
<tr>
<td>Satisfactory</td>
<td>0%</td>
<td>3%</td>
</tr>
<tr>
<td>Needs Improvement</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Unsatisfactory</td>
<td>0%</td>
<td>0%</td>
</tr>
</tbody>
</table>

Model C - Base salary increase on number of years:
- More than two years 3%
- Two years or less 0%
Compensation Steps: Compliance with Regulatory Requirements

Step 9: Ensure Compliance with State and Federal Regulations

FLSA Overtime

- Non-exempt employees
- Time actually worked in excess of 40 hours within a workweek
- Accrue at 1.5 hours

State Compensatory Time

- Exempt and non-exempt employees
- Hours worked plus paid leave exceed 40 hours or work on a holiday or skeleton crew day
- Accrue at straight time
- Use within 12 months

See handout:
• Comparison of Overtime and State Compensatory Time
UNIVERSITY PAY PRACTICES

Starting Salary
Merit Increase Pay
Additional Duties Increase
Internal Equity Pay
Counter Offer
University Pay Practices

Starting Salary

Starting salaries should be based on the following factors:

• The candidate’s directly related experience
• Recruiting and retention difficulty
• Comparison with others performing similar work in the department or across campus
• Potential for future salary growth in the range

Note:
The starting salary of a new employee should not be higher than the salaries of current staff performing similar work with similar levels of experience and skills.
University Pay Practices

**Merit Increase Pay**

- Merit increase pay is based on [HOP 9.24](#).
- A merit salary increase is a discretionary financial recognition of an employee who has demonstrated the following:
  - Increased productivity
  - Improved efficiency and/or
  - Exceptional quality of work performance above and beyond that which would be considered standard performance of duties.
- Do not use the Salary Adjustment Form for merit increases.

**Note:**
Salary Restriction policy is in effect as of June 8, 2009 through August 31, 2010. No merit increases were allowed for staff in Fiscal Year 2009/2010.
Additional Duties Increase, Permanent

- Permanent additional duties increases are used to recognize that the work has changed in a position, for example:
  - Redistribution of work
  - Organizational change that increases the accountability of a specific position
- The change is not significant enough to trigger a reclassification (change in title)

See handout:
• Salary Adjustment Form
University Pay Practices (cont’d)

Additional Duties Increase, Temporary

- Temporary additional duties increase are used to accommodate a change in work content that is limited in timeframe, for example:
  - Employee turnover that results in a staffing shortage
  - Significant increase in workload while another employee is on leave
  - Significant change to duties because of a short term initiative or project
**Internal Equity Pay**

- Internal equity pay adjustments may be justified when there are volatile swings in the internal or external markets for specific skills and competencies. For example:
  - Prior to recruiting for a vacant position, other titles are adjusted to the market rate
  - Respond to retention issues prior to key employees securing external job offers
Counter Offer

- Tool for retaining employee talent
- Should only be used if external offer is for a comparable position
  - Example: Accountant whose UT position is administrative receives an external offer as an accountant
- External offer must be in writing, not verbal
- To avoid “bidding war” the department should carefully determine proposed salary
  - Consider impact to equity and employee morale in department
  - Counter offer must fit within existing budgetary guidelines
  - Avoid countering a single external offer multiple times
- Cannot be retroactive (see later slide and handout)
- Complete Salary Adjustment Request form and submit for approval
TOOLS AND RESOURCES

Position Analysis Questionnaire
Human Resource Management System (HRMS)
Pay Plan System
Tools and Resources

**Position Analysis Questionnaire form**

- Captures job information from an employee perspective
- Useful before:
  - Posting a vacant position
  - Reclassification
  - Restructuring/Reorganization
  - Aligning positions with Mission/Strategic Plan

See handout:
- • Position Analysis Questionnaire
Tools and Resources

**Human Resources Management System (HRMS)**

**Position Actions**
- Browse Position
- View Position Details: Modify, Reclassify, Recruit and Fill

**Training Class**
- See TXClass for HRMS User Training to learn more about the HRMS System

**Resources**
Tools and Resources

**Pay Plan System** *(Job Code System)*

- UT Austin Pay Plan System provides detailed attributes of each classification title.
- Includes classification descriptions for classified titles. For example:
  
  **Safety Coordinator**
  
  Job Code: 6620  
  FLSA status: Exempt  
  Salary range: 44,952 - 62,532  
  Job Type: Classified

- Pay Plan is online. Go to:
  
  [https://utdirect.utexas.edu/pnjd/index.WBX](https://utdirect.utexas.edu/pnjd/index.WBX)
# Tools and Resources

## Job Family Categories for Classified Pay Plan

<table>
<thead>
<tr>
<th>Job Families</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1 - Allied Health:</strong> Nursing, Radiology, Therapy, Pharmaceutical, Medical Services</td>
</tr>
<tr>
<td><strong>3- Student Programs:</strong> Student Advisory, Testing, Admissions, Registrar</td>
</tr>
<tr>
<td><strong>4- Research Scientific:</strong> Social Sciences, Technical, Scientific, Research Laboratory</td>
</tr>
<tr>
<td><strong>5- Engineering/Trades &amp; Crafts:</strong> Utilities, Building Mgmt, Mechanical</td>
</tr>
<tr>
<td><strong>6- Ancillary Services:</strong> Food Service, Police, Stores and Supply</td>
</tr>
<tr>
<td><strong>8-Communications:</strong> Library, Training, Fine Arts, RTV, Journalism</td>
</tr>
<tr>
<td><strong>9-Staff Service:</strong> Office &amp; Business Mgmt, Accounting, Statistics</td>
</tr>
</tbody>
</table>

[http://utdirect.utexas.edu/pnjd/index.WBX](http://utdirect.utexas.edu/pnjd/index.WBX)
UNIVERSITY POLICIES
&
STATE & FEDERAL LAW

Retroactive Pay
University Policies
State Law
Federal Law
Retroactive appointments/documents/salary adjustments are a major audit finding for Texas public institutions.

Check with HRS-SCMS Section before processing a retroactive appointment/document/salary adjustment.

HRS-SCMS Section will review each situation on a case-by-case basis and make a determination.

Effective date cannot be sooner than the month it receives final approval.

Retroactive pay can impact FLSA overtime exemption status and pay.

Contact your HRS-SCMS representative if you have questions.

See handout:
• Retroactive Pay
# University Policies & State & Federal Laws

## University Policies and State Law

- Benefit Replacement Pay
- Dual Employment w/State
- Exemplary Service Award
- Hazardous Duty Pay
- Longevity Pay
- Merit Policy
- Retroactive Pay
- State Compensatory Time

## Federal Law

- Child Labor
- Fair Labor Standards Act (FLSA)
- Federal Minimum Wage

See handout:
- University Policies & State & Federal Laws
STAFFING AND CAREER MANAGEMENT

http://www.utexas.edu/hr/comp/
hrs-sws@austin.utexas.edu
512-475-7200

Find Your SCMS Representative
http://www.utexas.edu/hr/hrpro/lookup/