

UIC *Human Resources*

An Overview of Compensation at UIC

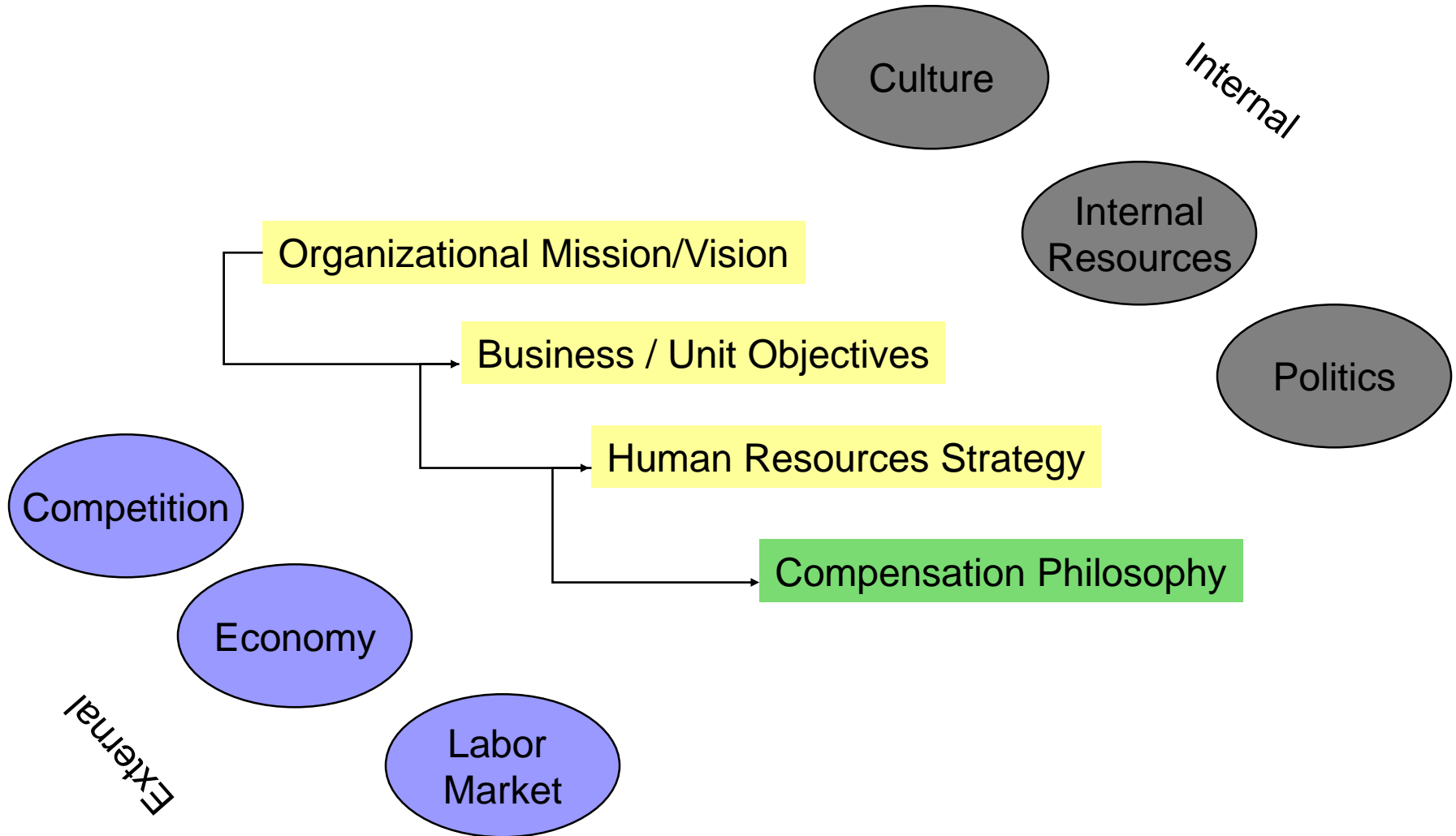


Session Objectives

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- Provide an overview of Compensation Concepts
 - Context
 - Fundamentals / Cornerstones
 - Regulatory Environment for Compensation
- Compensation at UIC
 - Current State
 - Initiatives
- Your Feedback and Questions

Compensation in Context



Audience Poll

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How many in the room

- Know how your college's or unit's objectives support UIC's objectives?
- Can direct me to or tell me UIC's or your college's or unit's pay philosophy?
- Would continue to work without pay?

Goals of Compensation

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- **Pay appropriately**
Provide remuneration (i.e. all types of pay) for employees that is externally competitive and internally equitable in a way that is legally defensible.
- **Strategic use of pay to maximize ROI**
Drive upward performance through attracting, retaining, engaging, rewarding and recognizing employees
- **Provide infrastructure**
Provide a standard method to administer pay that is flexible, equitable, competitive, defensible, affordable, understandable, efficient to administer and safeguards the resources of the organization

Delivering on the Goals

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Infrastructure

Salary Administration:

- Policy / Procedure
- Day-to-day activities (overcompensation, counter offers)
- Regulatory / legal environment (FLSA, EPA, ADA, ADEA, Title VII Civil Rights, OFCCP)

Pay Appropriately

Jobs:

- Job Analysis and documentation (job descriptions)
- Job Evaluation & market pricing

Incumbents:

- External Competitiveness (base pay, incentive, etc.)
- Internal Equity (pay equity analysis)

Return on Investment

Connect the dots:

- Link pay and performance
- Creative approaches to recognition and reward (e.g. special programs, incentives, etc.)
- Value-added Metrics
- Labor contract negotiations

Cornerstone: Job Analysis and Documentation

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- The systematic study of jobs to identify their observable duties and responsibilities, as well as the knowledge, skills and abilities required to perform a particular task or group of tasks (WAW).
- Results in a written document that describes the job
- For purposes of this presentation, not distinguishing between position and jobs

Cornerstone: Job Evaluation

**External
Job
Pricing**

**Internal
Job
Pricing**

What is it?

Market Pricing

Relative Worth

Primary Focus:

External Equity

Internal Equity

Methods:

Quantitative

Quantitative / Qualitative

Rarely is there a focus on one or the other

Audience Poll

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**How many in the room are 100% confident
that the jobs in your part of the
organization are:**

Well defined

Priced appropriately (externally)

Incumbents paid appropriately (internally)

Regulatory Environment

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- Fair Labor Standards Act (FLSA)
- Title VII of the Civil Rights Act
- EPA (Equal Pay Act)
- ADEA (Age Discrimination)
- State and local regulations (e.g. Illinois Wage Payment Act)
- Sherman Anti Trust (price fixing)

Mistakes can be costly

- **U.S. Bank agreed to pay \$3.8 million** following a federal Department of Labor (DOL) audit in which the DOL determined that the bank had mistakenly classified personal bankers . the salespeople who help customers open checking and savings accounts or apply for loans . as exempt from the FLSA.s overtime pay requirements.
- **Nabisco, Inc. agreed to pay over \$5 million** as part of a settlement with the DOL based on an audit that uncovered Nabisco's misclassification of retail representatives as exempt from the overtime provisions of the FLSA.
- **Albertsons, Inc. announced last year that it had set aside \$37 million** to cover back pay claims arising out of a lawsuit in which workers alleged that the company forced them to work off the clock and then retaliated against them when they complained about not being paid overtime.

Compensation at UIC

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Confusing job model

Civil Service Classification

Person

Operates at the extremes, too rigid
(civil service) too loose (academic
professionals)

Flexibility

Some groups have too many
Policies, some groups have too
Few

It rai ze

(data integrity)

Basic concepts are undefined

Confusing
(policies, approvals,
administration)

Audience Poll

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How many in the room would like UIC to take a new look at the way compensation is provided?

**Our goal is to help you,
partner with you
to make sure we get it right**

Compensation at UIC

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- New paradigm
- Primarily focused on Academic Professional and Civil Service Open Range
- Myth: turning AP into Civil Service
- Why now?
 - Departure from the status quo
 - Decreased funding, administrative cost controls
 - High performance HR
(strategic, consultative and Technical Services)

Initiatives

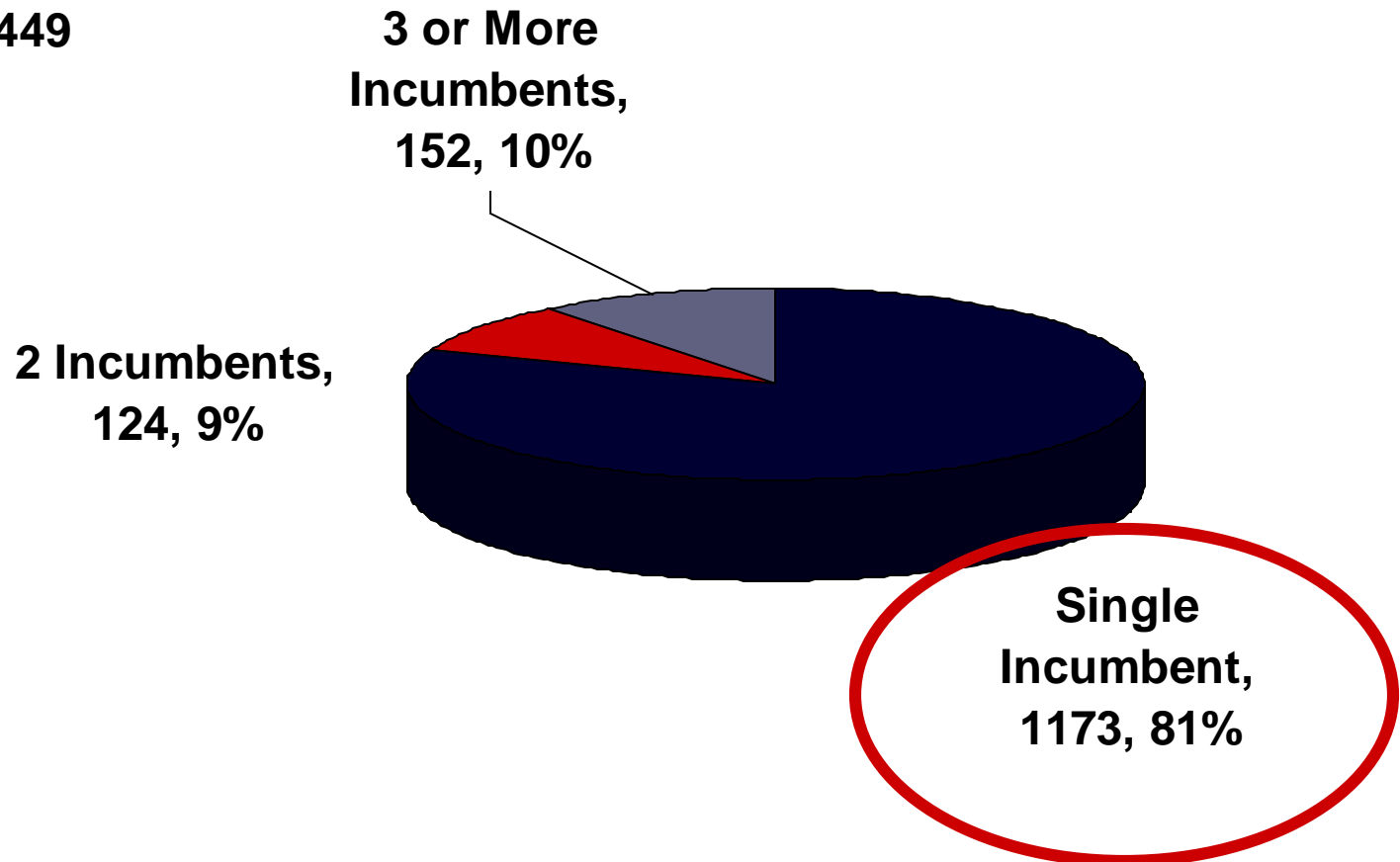
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- Job definition and design (job descriptions) for AP's
- Eliminating PAPES
- Infrastructure development (defining basic concepts)
- Market Pricing
- Pay Equity
- Enhancing communications via website
- Improving administration tools, policies and processes

Job Definition and Design - Illustration

Total AP's: 3200

Total Jobs: 1449



Job Definition and Design - Illustration

- **Titling confusion**

Title	Count
RES SPEC	15
RES SPEC HLTH SCI	48
RES SPEC IN HLTH SCI	94
RES SPEC IN HLTH SYST RES	3
RES SPEC IN PUB HLTH	26
RES SPEC IN THE HLTH SCI	2
RES SPEC, BEHAV SCI	2
RES SPEC IN HTLH SCI	1
RES SPEC ON HLTH SCI	1
Total (9)	191

Paying Appropriately - Illustration

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- **Pay consistency questions**

\$18,500 to \$119,600

Eliminating PAPERES

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- Simply changing the way jobs are reviewed for exemption (eliminating a process step in the long term)
- Won't need the actual PAPER form to begin the hire process
- Won't have to implore "work arounds" to get a job approved
- New policy adopted in January requiring job descriptions. Enforcement in July 2008

Proactive Approaches to Pay

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- be viewed as an investment in talent. Like any other this investment needs to be managed, governed, paid attention to, etc.
- reflect the organization's business objectives, mission, vision and values (e.g. being the best urban public research university, fair, consistent, has integrity).
- have definition. That is, what are the goals of the pay program (e.g. reward performance, motivate through pay, attract and/or retain the best and brightest, etc.)

Proactive Approaches to Pay

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- be structured but not punitive or rigid...
- there should be clear understanding of how the jobs work together to “form or support the direction of the organization”, which jobs contribute to the organization, how do jobs relate to one another, what’s the hierarchy, etc., how do you advance? Which jobs are critical, which contribute to the success of the organization the most, etc. and what it costs to hire and retain employees in those jobs
- be flexible to meet changing business needs
- be equitable, competitive, consistent, legal

Closing Thoughts

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- We (UIC and HR) are in a time of transition
- Want to improve the way UIC thinks about and administers compensation
- We are not trying to create a one plan fits all model or change AP into Civil Service.
- We are here to help you achieve your business objectives and goals.
- Two-way communication

Your Feedback and Questions