

Middlebury Staff Compensation Administration

The Staff Compensation program provides a framework for the administration of staff salaries at both the College and at the Monterey Institute of International Studies. The program serves as the foundation for ensuring consistent application of salary-related decisions that are both in alignment with the College's compensation philosophy and objectives and are in compliance with pay-related laws and regulations.

Philosophy

In order to fulfill its mission the College maintains a compensation program directed toward attracting, retaining and rewarding a highly qualified and diverse workforce. While it is the combination of financial rewards such as: base pay, generous benefits and time off programs, professional development support, etc. as well as the intangible benefits such as family/work life balance that make up total compensation, this policy describes only the staff *base pay* program.

Objectives

Our staff compensation program is designed to balance and address several key objectives, including:

- Maintaining internal equity — employees will be paid similarly for similar work.
- Maintaining external competitiveness — our overall structure will maintain a competitive market position as measured by comparing average salaries for benchmarked jobs against our defined labor markets.
- Developing and maintaining compensation structures and strategies that respond to, and support, organizational priorities, changes, and needs.
- Setting salaries for new employees at levels that recognize individuals' skills and experience while considering the salary levels of current employees within the same and/or similar jobs or roles.
- Reinforcing that all staff are valuable contributors to the mission of the organization.
- Rewarding strong performers by emphasizing pay for performance through the annual merit increase process.
- Being clear and understandable to all staff members.

It should be noted that a certain amount of salary variation is inherent in our system (as it is in most compensation systems). An individual may earn more or less than others in the same or similar jobs and/or more or less than the market rate for the job. Historical factors such as previous experience, education, length of employment at Middlebury/MIIS, performance over time, career moves, etc. will (and should) result in individual variation in salaries. The compensation system itself – and this policy – are designed to function as a framework establishing the parameters within which these individual salaries are administered.

Compensation Administration

As outlined in the Objectives above, the staff compensation program is designed to promote both internal and external equity. A key tool for meeting those objectives is the grouping of jobs into 4 “Career Bands” with 13 “Career Levels” that broadly define the type and nature of work performed throughout the organization. The Band/Level structure provides a mechanism for measuring *internal* equity and, once implemented, functions as a framework for supporting career progression. External job market data is used to develop and maintain externally competitive salary ranges for each Band and Level; in this way the structure helps manage *external* equity as well.

Job Descriptions

The foundation of our staff compensation program is accurate and complete job descriptions; the responsibility for the creation and maintenance of job descriptions is shared between the manager, the employee, and Human Resources. Employees and managers are responsible for periodically reviewing and updating descriptions to reflect current responsibilities. Human Resources is responsible for ensuring: the consistency of descriptions, appropriateness of titles as well as required education and experience, and compliance with regulations such as the Americans with Disabilities Act.

Job Evaluation

Job descriptions are used as the basis for job evaluation, which, in our staff compensation program, involves utilizing job content to group jobs into 4 “Career Bands” and 13 “Career Levels” that make up our pay range structures. This is accomplished using tools called Career Band Definitions and Job Content Framework (available on the HR Website). Briefly:

- **Career Bands** – group similar jobs based on the type/nature of the work:
 - Administrator – primary focus is on setting the strategic direction of the College/Institute.
 - Management-primary focus is on managing employees and/or a department.
 - Specialist-primary focus is on applying professional, or highly-skilled technical or specialized knowledge requiring specific and specialized training or education.
 - Operations-primary focus is on providing administrative, customer service, mechanical, or technical support.
- **Career Levels** – group jobs into tiers *within a Band* based on level of responsibility/requirements in the following areas:
 - Scope of Responsibility
 - Problem Complexity
 - Autonomy
 - Influencing/People Leadership
 - Organizational Knowledge
 - Minimum Required Background/Experience

Job evaluations are regularly completed when new jobs are created (as part of the position request (SRC) process). Jobs are also reevaluated when there have been significant changes in

requirements or expectations. Jobs reviewed for appropriate Band/Level classification may maintain the same Band/Level or they may be re-classified to a higher or lower Band/Level. Human Resources is responsible for evaluating the correct placement of jobs within the compensation structure, taking into consideration input from the area manager(s) and (as applicable) employees. A key point is that even numerous changes in the specific duties or tasks assigned to a job may not necessarily warrant a change in Band/Level. Changes in Band/Level result from substantial increases or decreases in either: the type/nature of the work (a Band change), and/or in the amount/significance of responsibility assigned (a Level change). For example, a job that originally involved filing paper documents in cabinets might evolve into a job in which documents are scanned and saved electronically. While the specific tasks performed would be completely different (scanning versus filing documents) the job would still be an entry-level clerical job and so the new description would be unlikely to result in a Band/Level change. If, however, with the change from paper to electronic filing new responsibilities such as data analysis and supervision of other clerks are added, such a change would likely result in a change to the assigned Band/Level.

An important point to remember is that jobs are not reviewed according to the qualifications of the employee that happens to currently hold the job; evaluations are based on the job requirements and these may differ from the qualifications of the current incumbent. For example, in a situation in which the current incumbent happens to hold a Master's Degree, but the job requires only a Bachelors Degree, it is the Bachelors degree that will be factored into the job evaluation.

Salary Structure

Each Band/Level combination in our system is assigned a specific salary range, based on the average market rate of the benchmark jobs assigned to that Band/Level through the Job Evaluation process. Benchmark jobs are jobs within each Band/Level that can be readily compared to the job market in terms of common characteristics, and for which market data is readily available in published market surveys. Salary ranges take into account geographic location and special market considerations. Current pay ranges structures are posted on the HR websites.

Middlebury Campus-Based Programs: The standard Middlebury College pay range structure ("A" ranges) applies to most staff jobs at the undergraduate College and other College-based programs such as Bread Loaf, IPOCs, etc. A select group of staff jobs with unique salary considerations are slotted in an alternate structure ("B" ranges).

MIIS Campus-Based Programs: The standard MIIS structure ("C" ranges) is tied to MIIS-specific jobs as well as the local geographic and MIIS's competitive salary market. A select group of MIIS staff jobs with unique salary considerations may be slotted in an alternate structure ("D" ranges) that is tied to specific and unique salary considerations as well as MIIS's specific salary market.

Currently the data on the external markets for benchmarked jobs is determined as follows:

- For the “A” and “B” ranges the external market job is measured against data collected from two primary sources – The College and University Personnel Associates (CUPA) salary surveys (for higher education related jobs) using New England and national cuts and from the New England Salary Survey (for non-higher-ed-specific jobs). Additional market information may be collected from other sources when data from primary sources is not available (generally only for highly specialized or technical jobs).
- For the “C” and “D” ranges the data is collected from The College and University Personnel Associates (CUPA) salary surveys (for higher education related jobs) using California and national cuts as well other CA specific salary survey for non-higher-ed-specific jobs.
- Compensation data collected is based on the local, regional, and/or national markets, as appropriate for specific jobs (local salary market information is generally collected for jobs for which we recruit locally, national market information is collected on jobs for which we recruit nationally, etc.).
- Salary surveys are conducted on a regular basis (generally annually) in order to consistently gauge our current position relative to the external market.

Each level within a pay structure has a stated salary range **minimum, midpoint, and maximum**. These salary ranges are broad and overlapping to accommodate the market(s) for the varying jobs within each range.

Salary Structure Ranges and Individual Salaries

Generally all employees’ salaries are expected to be within their assigned salary ranges:

- No employee will be paid below the minimum of the pay range assigned to his or her job unless the employee does not meet the minimum requirements of the job and is temporarily in a “trainee” status. Also, employees with current and documented performance issues may not be eligible for increases when the salary structure moves, and so may be below minimum.
- When a salary market review results in the structure moving to keep alignment with the desired market position, employees whose current salaries fall below the new minimum of their salary ranges will generally be moved to the new minimums (see exceptions above); employees whose current salaries fall within the new ranges are not adjusted.
- It is important to emphasize that salary levels will not be “capped” or “frozen” even if an individual reaches the top of a Salary Range. There are situations in which staff members’ salaries exceed the maximum of the range; these employees will continue to be eligible for merit increases based on performance.

An individual’s position within a salary range is based on a combination of factors, especially: previous education, training, and experience, time in current job, and performance over time. It is expected that as a result of solid performance, employees will progress through their pay ranges over time.

Pay Practices

A number of events affect employee salaries; the most common events and related pay practices are described below. It should be noted that the determination of most pay changes involves an internal equity check by Human Resources. An internal equity check requires: consideration of the salaries of employees in similar/related jobs with the organization as well as the salary of the supervisor/manager, the salaries of any subordinate employees, and the salaries of employees in related career paths, and finally the appropriateness of the proposed salary within the assigned salary range based on the employee's specific skills, competencies, education, experience, and performance.

Starting Pay

Starting pay is the rate initially offered to an individual not currently employed by the College or the Institute. Starting salaries are set by Human Resources and are established after consulting with the hiring manager on any department concerns, special circumstances (highly competitive labor market, unusual skills), etc. Human Resources will review the applicant's work and educational/training history and calculate appropriate experience and education credit. This credit is used to establish a preliminary offer rate, which will be at least the grade minimum but not generally higher than the grade midpoint. Before finalizing an offer rate Human Resources will conduct an internal equity review which may affect the final rate offered.

Annual Merit Increases

Merit Increases are generally awarded annually (on July 1) and are based on each employee's overall performance during the past year (as documented in the employee's Annual Performance Summary), as well as the College's/Institute's budgets, as approved by the Boards. The Annual Performance Summary (performance evaluation) and Merit Increase processes are described in the Employee Handbook.

Generally all regular employees are eligible for consideration for an annual increase, except that:

- Employees who have given notice of resignation, and whose termination date will be one month or less from the effective date of the annual increase (that is, those terminating prior to August 1st for a July 1st increase cycle) will not be eligible for an increase.
- Part-time or on-call employees must have worked a minimum of 200 hours (pro-rated for new hires) within the 12 months preceding the Annual Performance Summary in order to be considered for an annual increase.
- Employees hired in the first quarter of the current year may be eligible for one half the regular increase amount.
- Employees hired in the second quarter will not be eligible for an increase in the first increase cycle after date of hire.
- Employees with current documented unsatisfactory performance will not receive an increase.
- Raises for any managers who have not submitted Annual Performance Summaries for *all direct reports who are due for evaluations* will be delayed until such time as all required APS forms have been submitted. Delayed raises will not be made retroactive.

It is expected that as a result of solid performance, employees will progress through the pay grade over time.

Promotions

A promotion is the movement of an employee to a different position in a higher pay grade (Band/Level). This movement is usually the result of the employee applying for and being selected for a position through the recruitment and selection process.

- Human Resources will work with the hiring supervisor/manager to determine the appropriate promotional increase before the offer is made and before potential pay is discussed with the employee.
- The new salary will not be less than the minimum (unless the employee is temporarily classified as a Trainee) or more than the maximum of the range assigned for the position.
- Promotions of one Band/Level will generally result in an increase of 5% - 10%*.
- Promotions of two or more Bands/Levels will generally result in an increase of 8% - 15%*.
- In all cases an internal equity review will be conducted by Human Resources before a promotional increase amount is finalized.

**promotional rates effective as of July 1, 2012*

Reclassification

Reclassification occurs when the duties and responsibilities of a job change significantly enough to change the Band/Level to which a job is assigned (see Job Evaluation section for details).

Job description updates are reviewed for proper Band/Level placement on a monthly cycle. A revised job description and a Job Description Review Form signed by the area VP (Midd) or Executive Director (MIIS) must be received in Human Resources by the 15th of the month, to be included in the current month's review cycle. Human Resources will review the manager's written justification and the revised description by the end of the month and will follow up with the manager, as needed, for additional information. If no reclassification is warranted the updated description will be posted on the HR website. If the changes are significant and result in a change of the Band and/or Level then the new description will be posted and the appropriate salary change guidelines (promotion, lateral, demotion) will be followed to adjust incumbents' salaries; pay changes will be effective the start of the first full pay period in the month following the review.

Reclassification reviews are not be conducted in June because of the merit increase process. Review requests received in June will be reviewed in the July cycle, with any changes made retroactively to the first full pay period in July.

In-Grade Adjustments

An in-grade adjustment is a change to an employee's base salary as a result of:

- A permanent change in job duties and responsibilities which are significant but do not change the pay grade of the job.
- Market equity (this is most common when labor market pressures force pay rates for new hires up, resulting in inequitable pay between new and current incumbents when comparing skills, competencies, and experience).
- Internal equity (this may be the result of internal realignment, salary compression or other internal inequities).

Supervisors may request consideration for in-grade adjustments by submitting documentation supporting the request. Human Resource may also identify the need for equity adjustments based on market or internal salary studies.

It should be noted that in-range salary adjustments are not routine and will need to be fully justified. Requests for in-range adjustments must be made to, and approved by, the Benefits and Compensation Manager.

Lateral Transfers

A lateral transfer occurs when an employee moves to different job within the same Band/Level. Such transfers may occur through department reorganizations or when an employee seeks a transfer through the recruitment and selection process. Jobs within the same Band/Level are considered to be equivalent in terms of responsibility and so typically employees who transfer laterally receive no increase in base pay.

Demotions/Downgrades

Demotions or Band/Level downgrades are moves to a lower job classification and may occur as a result of:

- An employee's personal request (voluntary downgrade);
- Documented inadequate job performance (demotion); or
- Other reasons (for example when a function has become obsolete and an employee is being moved to an available job at a lower level job).

When a downgrade is voluntary Human Resources will determine the employee's new salary based on an individual assessment of the facts and circumstances. HR will take into consideration the employee's experience and education relative to the new job and will conduct an internal equity review. Generally salaries are *decreased* not less than 5% or more than 10% for one level downgrade, except that the new salary will not be lower than the minimum or exceed the maximum of the new (lower) Band/Level.

When a downgrade is involuntary Human Resources will determine the employee's new salary based on an individual assessment of the facts and circumstances. A demotion will require the following: HR will take into consideration the employee's experience and education relative to the new job and an interdepartmental and campus-wide equity review. Generally salaries are decreased not less than 5% or more than 20% for one level downgrade, except that the salary will not be lower than the minimum or exceed the maximum of the new (lower) Band/Level.

When a downgrade is due to a reassignment unrelated to the employee's performance and not requested by the employee, Human Resources will determine the employee's new salary based on an individual assessment of the facts and circumstances. Generally, the employee's salary will be maintained except when this causes significant internal equity concerns or when the salary would greatly exceed the range maximum.

Trainee Status and Pay

Generally individuals who do not meet the minimum qualifications are not hired into an open job. Very occasionally, however, there are extenuating circumstances which result in an individual being offered a job without having the minimum required certifications, education, skills, or experience. This situation could arise as a result of a very tight labor market in which no fully qualified candidates have been identified, or when a departmental reorganization results in an existing employee being reassignment to an available job for which he or she not completely qualified at time of assignment. Such arrangements must be approved in advance by Human Resources and will require a formal plan, including a specific timeline, outlining how the new employee will acquire the required skills, training, education, or experience. In these situations employees may be temporarily paid below the Band/Level minimum; upon successful and documented attainment of the required qualifications the employee will be moved to the grade minimum.

Supplemental Pay

Supplemental pay is additional pay for temporarily assuming significant additional duties/responsibilities that typically would be in a higher pay grade. Supplemental pay can be provided to an employee who is assigned different or additional duties and responsibilities on an interim basis for a limited period of time. Supplemental pay must be approved in advance by Human Resources.

It should be noted that nearly all employees are expected to periodically fill in for colleagues' vacations (or other short-term absences) as well to perform special projects or temporary tasks; such work is considered a normal part of the job. It is when a temporary assignment (i.e. assignment to a special project, reassignment during organizational changes, filling a vacant job, extended leave of another employee, etc.) is expected to exceed 30 calendar days that additional temporary compensation may be warranted. Additional compensation is appropriate when an individual is assigned a major component of a job which is at a *higher* salary grade and the employee is held accountable for the scope of that component for greater than a 30-day period. The amount of additional compensation will typically range between 5% and 10% of the employee's current base salary, based upon the percent of duties being assumed and the grade level of the job duties being covered. Supplemental pay will generally not be less than the minimum for the Band/Level of the higher duties, if the employee is fully responsible for the job.

Supervisors/managers must receive approval from Human Resources for supplemental pay; supplemental pay should not be discussed with the employee until after appropriate approvals have been received.

Retroactive Adjustments

Generally, all salary increases will be made on a *prospective* basis, therefore managers are encouraged to be timely in any compensation change/job reevaluation requests. If a request for a job evaluation or compensation review takes Human Resources longer than three weeks to complete, any related salary increase will be retroactive to the beginning of the pay period three weeks from the date a formal request (including all required documentation) was submitted to Human Resources.

Career Progression

The Staff Compensation Program, together with our internal job posting practices, is designed to be flexible and to afford employees multiple opportunities to advance their careers and their compensation. It is up to each employee to work collaboratively with their manager and to take ownership of their own career and development plans to support their personal and departmental objectives, as well as the organization's needs. Employees interested in advancement opportunities are encouraged to regularly monitor the internal job posting site to look for promotional or lateral opportunities. Employees are also strongly encouraged to build their employability by taking advantage of internal training offered by the organization (ex: computer classes from LIS) and/or by accessing professional development or tuition reimbursement funds to support outside training or educational options.

However, in recognition of the fact that many employees enjoy their current jobs and are not interested in seeking additional responsibility, as well as of the fact that there will not always be available jobs at a higher level, the Staff Compensation program has established both very broad pay ranges as well as a "no capping at grade maximum" policy; together these policies allow employees to remain in their current jobs while continuing to receive regular pay increases.

Career Ladders

Certain areas of the organization have established career ladders (jobs within career ladders usually have suffixes such as I, II, III indicating the relative levels). Many other functional areas do not have formal ladders, but do have related jobs at multiple levels and these may afford the opportunity for an employee to pursue career advancement as job vacancies occur. Employees are encouraged to discuss possible departmental career paths with their managers. Managers who are interested in establishing a career ladder(s) within their department should contact Human Resources for guidance.

Special Compensation Arrangements

Certain areas of the organization have worked with Human Resources to establish special compensation arrangements such as: trainee wage scales (which are described in more detail in other sections of this document), career ladders, automatic pay increases for obtaining desired technical certifications, and pay adjustments for additional demanding duties. Details about these arrangements are available from the authorized departments or Human Resources.

Appeals

Exceptions to the standard compensation guidelines must be approved by the Compensation and Benefits Manager. Second level appeals may be made to the AVP of Human Resources/Organizational Development, whose decision is final.

Responsibilities for Maintaining the Program

Human Resources:

- Administers and interprets compensation philosophy and policies:
 - Calculates all pay adjustments
 - Calculates all new hire salary offers
 - Administers the annual increase process
- Monitors and evaluates compensation administration practices to ensure adherence to Federal and State laws/regulations and Middlebury's compensation philosophy.
- Conducts periodic external market checks including comprehensive system-wide checks as well as job or department specific checks, as needed.
- Periodically reports compensation-related statistics to senior management.
- Monitors our various job markets and the effectiveness of our compensation policies and practices and makes recommendations for changes to senior management.
- Assists with the creation of job descriptions.
- Evaluates the placement of jobs within the Band/Level structure (with input from managers and employees).

Supervisor/Manager:

- Consults with HR in the planning stages of organizational changes which have the potential to impact classification and/or compensation of current employees.
- Ensures that job descriptions are kept up-to-date.
- Provides input into departmental factors that should be considered when calculating hiring salaries, promotional increases, etc.
- Monitors and documents employees' performance using the Annual Performance Summary tool.

Employee:

- Notifies supervisor/manager of significant changes to duties (if supervisor/manager is not already aware of these changes).
- If requested assists in the creation or revision of the job description.
- Participates in the evaluation of own performance through completion of the self-assessment portion of the Annual Performance Summary.
- Reports any suspected pay errors or discrepancies to Human Resources immediately.