

# Faculty Compensation Administration

## Monterey Institute of International Studies

The MIIS Faculty Compensation program provides a framework for ensuring consistent application of salary-related decisions that are both in alignment with the Institute's compensation philosophy and objectives and in compliance with pay-related laws and regulations.

### Philosophy

In order to fulfill its mission the Institute maintains a compensation program directed toward attracting, retaining and rewarding a highly qualified and diverse faculty. While it is the combination of financial rewards such as: base pay, generous benefits and sabbatical 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 faculty *base pay* program.

### Objectives

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

- External market competitiveness — our overall structure will maintain a competitive market position as measured by comparing our average salaries by rank and discipline against salaries for similar rank and discipline in our defined labor markets.
- Internal equity — within rank and discipline faculty members with comparable performance and service to the Institution will be paid similarly.
- New faculty salaries — starting salaries will be set at levels that recognize individuals' education, research, publishing, and experience, as well as any unique labor market considerations, while also considering relative internal equity (the salary levels of current faculty within the same rank and discipline).
- Pay variation by discipline — our structure will reinforce that all disciplines are valuable contributors to the mission of the Institute, while recognizing that there is significant competitive variation between particular disciplines and/or specialties.
- Pay for performance – strong performers will be rewarded through the annual merit increase process.
- Transparency – our faculty compensation program will be clear and understandable.

It should be noted that a certain amount of salary variation is inherent in our faculty compensation system (as it is in most compensation systems). An individual may earn more or less than others in the same rank and discipline and/or somewhat more or less than the market rate for the job. Historical factors such as previous experience, service with MIIS, education, length of time in rank, performance over time, career moves, etc. will (and should) result in some individual variation in salaries. The compensation system itself – and this policy – are designed

to function as an acceptable framework establishing the parameters within which individual faculty salaries are administered.

## **Compensation Administration**

As outlined in the Objectives above, the faculty compensation program is designed to promote both internal and external equity. A key tool for meeting those objectives is the grouping of jobs by faculty rank and by academic discipline. The faculty rank structure provides a mechanism for measuring *internal* equity and functions as a framework for supporting career progression. Detailed information on faculty rank can be found in the Handbook at <http://www.miis.edu/media/view/28855/original/facultyhandbook-2-1-12.pdf>. *External* competitiveness is also evaluated based on Faculty rank, but is also heavily influenced by academic discipline (as described below).

### **Faculty Salary Structure**

The MIIS faculty pay structure is comprised of three ranks (Professor, Associate Professor, and Assistant Professor), each with defined salary ranges based on market salary clusters by discipline. That is, each rank/cluster combination is assigned a specific salary range, based on the average market rate of the faculty jobs, in our defined labor market, at that level. Salary ranges take into account geographic location and special market considerations.

External market data is collected primarily from The College and University Personnel Associates (CUPA) salary surveys for higher education using data cuts for both comparably-sized master's institutions, and for larger academic institutions with whom MIIS competes for academic talent and students (the "Custom Cut").

Academic disciplines with similar market findings by rank are grouped together into market "clusters". Each cluster has an established pay range; these ranges provide the framework within which salary administration decisions are made.

The competitiveness of the salary ranges for each discipline/rank will be reviewed on a regular and periodic basis and may be adjusted from time to time - in whole or in part and as budgets allow - to maintain our desired market position.

### **Salary Structure Ranges and Individual Salaries**

Generally all faculty members' salaries are expected to fall within their assigned salary ranges:

- No faculty member will be paid below the minimum, except that faculty with current and documented performance issues may not be eligible for increases when the salary structure moves, and so may be temporarily below minimum.
- When a salary market review results in the structure moving to keep alignment with the desired market position, faculty whose current salaries fall below the new minimum of their assigned salary ranges will generally be moved to the new minimums (see exception above); those whose current salaries fall within the new ranges are generally not adjusted.

- Individual salaries will not be “capped” or “frozen” when a faculty member reaches the top of a salary range; such individuals 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, performance over time, as well as the amounts of fiscal funding available over the individuals’ service for past promotional, merit, and market adjustments. While a perfectly linear progression is likely unattainable, it is expected that, as a result of solid performance, faculty members will progress through their pay ranges over time.

## **Pay Practices**

The most common pay practices are described below. It should be noted that most pay changes involve an internal equity check. An internal equity check requires: consideration of the salaries of faculty in the same rank and discipline and (as germane) consideration of the salaries of faculty in the same rank in other disciplines. The appropriateness of any proposed salary changes will also take into consideration (as applicable) the employee’s specific skills, research, publishing, competencies, education, experience, and performance.

### **Starting Pay**

Starting pay is the rate initially offered to an individual not currently employed by the Institute. Starting salaries for faculty are determined based on a number of factors including: the range established for the rank and discipline, the candidate’s educational and teaching or research experience, special market considerations, and internal equity. Starting salaries are typically set by the Deans, exceptions to the normal hiring guidelines must be approved by the Provost.

### **Annual Merit Increases**

Merit Increases are generally awarded annually (on July 1) and are based on each faculty member’s overall performance during the past year, as well as the College’s/Institute’s budgets, as approved by the Boards.

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

- Faculty who have given notice of resignation, and whose contracts will not be renewed for the upcoming academic year will not be eligible for an increase.
- Faculty who commenced teaching in the spring semester of the current year may be eligible for one half the regular increase amount.
- Faculty with current documented performance issues will not receive an increase.

Campus merit evaluation processes must carefully balance the need to reward extraordinary performance with the need to reward meritorious performance that is the backbone of the Institute. It is expected that merit increases will allow all faculty to progress through the pay grade, at different paces over time, as a result of individual performance and contributions to the Institute.

## **Promotions**

A promotion is the movement of a faculty member from one rank to another. Details about Faculty promotions are available in the Faculty Handbook.

## **In-Rank Salary Adjustments**

An in-rank adjustment is a change to a faculty member's base salary as a result of:

- 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 incumbent(s) when comparing skills, competencies, and experience).
- Competitive (market) increments are permitted to disciplines in which there is a significant deviation from the appropriate market reference (as measured by our defined market group or other relevant indices), and there is evidence that faculty recruitment and retention are adversely affected.
- Internal equity (this may be the result of internal realignment, salary compression or other internal inequities).
- Structural adjustments, with potential individual salary adjustments, may be made to whole categories of faculty when it is determined that some subset of the salary structure is out of alignment with stated compensation targets.

Deans may request consideration for individual in-grade adjustments by submitting documentation supporting the request to the Provost. Human Resource may also identify the need for adjustments based on market or internal salary studies. Consideration of larger scale adjustments will be managed by the Institute's Provost and Executive Director of Finance, Business Services, and Administration, who will enlist such resources as may be necessary to fully understand and evaluate the issue.

It should be noted that in-range salary adjustments are not routine and will need to be fully justified and that ample fiscal resources must be available to support such adjustments.

## **Responsibilities for Maintaining the Faculty Compensation Program**

### **President:**

- Approves all compensation policies.
- In conjunction with the Executive Director of Finance, Business Services, & Administration recommends to the Boards both the annual increase pool and funding for any other special compensation initiatives such as market equity adjustment, etc.

### **Provost:**

- Responsible for overall administration and interpretation of the faculty compensation philosophy and policies.

- Insures internal equity and integrity of the program throughout the organization.
- Keeps apprised of salary trends in higher education, as well as any particular market difficulties facing the Institute.
- Consults with HR in the planning stages of organizational changes which have the potential to impact classification and/or compensation of faculty.
- Reviews period market reports and monitors the relative market position of MIIS faculty.
- Leads any periodic faculty compensation studies, enlisting such resources as may be necessary to fully understand and evaluate the issue(s), as may be deemed necessary.

**Deans:**

- Responsible for administering salaries within their schools in compliance with the stated compensation program.
- Responsible for monitoring and documenting faculty performance.
- Report any compensation-related trends or challenges facing their schools to the Provost.

**Human Resources:**

- Assist the Provost and Deans in monitoring and evaluating compensation administration practices to ensure adherence to Federal and State laws/regulations and the Institute's faculty compensation philosophy.
- Conduct periodic external market checks including comprehensive system-wide checks as well as job or department specific checks, as needed.
- Periodically report faculty compensation-related statistics to senior management.
- Monitor our various faculty markets and the effectiveness of our compensation policies and practices and makes recommendations for changes to the Provost and senior management.

**Faculty:**

- Bring forth concerns regarding the correct application of the Faculty Compensation Policy to the Dean or Provost.