

TO: Deans, Directors and Department Heads

FROM: Daniel Rives, Associate Vice President

SUBJECT: Compensation System Initiative – Exempt Staff Jobs

DATE: February 2, 2004

Indiana University is initiating a review of its compensation system for exempt Staff jobs.<sup>1</sup> This review will focus on “system” components, such as the methodology for evaluating jobs and classifying positions and the criteria for determining pay. It is anticipated this review will be completed at the beginning of 2005.

***Project Objective: to install a fair and rational compensation system for exempt Staff jobs across the University, with objective criteria for management decisions regarding employee pay. This project is not intended to address individual employee salary equity. (See page 2 for an outline of project deliverables.)***

The need to review this compensation system has been emphasized since at least 1991, when it was referenced as the “non-academic classification study” – it has been “shelved” since that time. In addition, many of you have recently expressed difficulty, and some times frustration, with the University’s compensation system for exempt Staff jobs, especially with position classification outcomes. Not having completed the earlier study has resulted in significant classification inconsistencies across campuses and departments, along with creative department “work around” solutions to address employee pay increases.<sup>2</sup>

The University has retained the services of Mercer Human Resources Consulting, a nationally recognized leader in the development of pay systems, with a consulting team that specializes in higher education institutions, to assist with this project. With leadership from the University Human Resource Services office, this project will also be assisted by a diverse steering committee with representatives from all campuses, many operating units, and several Staff councils.

Some next steps include convening the project’s steering committee, communicating with exempt Staff employees, and identifying unique campus issues. As a general project principle, we will provide open communications with all constituencies, typically through the following web site: [www.indiana.edu/~uhrs/csi.html](http://www.indiana.edu/~uhrs/csi.html).

We believe that a fair and rational compensation system is particularly important for management decisions related to the recruitment and retention of a high quality workforce. The “right” pay system is consequently integral and necessary in accomplishing the University’s basic academic and research missions.

Your assistance and direct participation in project considerations will be essential.

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<sup>1</sup> A “job” is a distinguishable kind and level of work, including a description of such work, interrelationships with other jobs, minimum qualifications, and unusual working conditions.

<sup>2</sup> An example of a typical “work around” is the use of the position classification process for the purpose of recognizing individual performance contributions through an artificial promotional increase.

**Compensation System Initiative - Exempt Staff Jobs, Project Deliverables:**

- Clearly articulate the University's compensation philosophy, with regards to both external competitiveness and internal equity for base and incentive pay
- Determine distinguishable Jobs across the University
- Establish and articulate a discernible Job evaluation methodology
- Establish salary structures that reflect the University's compensation philosophy
- Allocate all positions to established Jobs
- Update compensation policies, such as: new hire salary considerations; annual and special salary adjustments; bonus and award payments; application of broad banding principles, as appropriate; and promotion and demotion considerations
- Provide on-going concise communication with unit management and Staff employees

It should be noted that:

- This project is not intended to address individual employee salary equity
- Nonexempt Staff jobs and associated compensation system components have been reviewed by each campus on a number of occasions during the past several years