



The University of Georgia

Staff Classification and Pay Plan Review

Summary Report

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**Deloitte
& Touche**

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Executive Summary

UGA's classified staff of approximately 7,000 non-faculty employees are currently compensated under the Wage and Salary Plan for Classified Personnel ("Staff Classification and Pay Plan"). UGA's Human Resources Division perceived a number of issues regarding the effectiveness and alignment of the Staff Classification and Pay Plan in considering the human capital requirements stated in the university's Strategic Vision for UGA in 2010. Deloitte & Touche was engaged to review the Staff Classification and Pay Plan and facilitate the conclusions and recommendations that appear in this report.

A combined project team including Deloitte & Touche Human Capital Advisory Services consultants, UGA Human Resources Division professionals and a steering team of UGA management, staff and professional employees from the various divisions, departments and colleges collaborated throughout the study. An internal review of the current pay plan was conducted. This included conversations with members of the Human Resources Division, an employee perception survey, executive interviews and employee focus groups. In addition, an environmental review was also completed through a custom survey of comparable southeastern universities and a review of published compensation surveys. The issues reviewed included market data on pay levels and compensation practices.

Conclusions

UGA does not have a clearly articulated compensation strategy for its staff employees. Staff employees, and those responsible for managing them, appear dissatisfied with the current Staff Classification and Pay Plan. Manipulation of the plan, primarily through excessive reclassifications and the existence of "gray area" positions indicates the salary administration process is not working. There is a lack of consistency between job titles, job descriptions and actual employee duties and responsibilities, making consistent pay and pay practice comparisons to relevant labor markets difficult.

UGA's staff salary administration procedures, decision-making process on salary actions and timing of salary actions are not effective practices. Inconsistent performance evaluation practices exist, with little linkage perceived between performance evaluation and pay. The Staff Classification and Pay Plan has too many salary grades whose midpoints are too close together as compared to accepted practices. In addition, formal training of supervisors and managers in salary administration and performance appraisals is insufficient.

Until positions are more clearly defined, true market comparison is not possible; however, the environmental analysis results do appear to indicate salaries both above and many below the market median. Furthermore, of those compensated below the market median, the degree of under-compensation is significant.

Recommendations

Recommended short-term improvements include:

- *Eliminate restrictive salary administration guidelines.*

- *Allow headcount reductions achieved through retirement and voluntary resignation to free-up funds for salary increases and market adjustments.*
- *Make targeted salary adjustments in critical-skills jobs as soon as possible.*

Longer-term recommendations include:

- *Adopt the recommended compensation strategy* - An effective pay plan cannot be established if the organization has not determined relevant labor markets, competitive positions, salary planning and administrative parameters. The proposed compensation strategy is included in this report.
- *Develop an implementation plan* - The change of culture involved in successfully implementing a new pay plan is a larger effort than the mechanical design of the plan.
- *Upgrade technology for salary and performance management* - Pay plan design, impact analysis and operation of a compensation and performance management program in an organization of almost 7,000 staff employees can only be cost-effectively pursued using a technology solution.
- *Update job documentation* - Job descriptions are a critical component upon which appropriate pay levels are determined.
- *Revisit market analysis* - UGA should revisit and update the market analysis generated through this project. A process for periodic maintenance of current, accurate market data and a methodology to obtain market data for new jobs should also be undertaken.
- *Design a new compensation plan for staff employees*- UGA should look beyond academia and the public sector for guidance on a new compensation plan design that is flexible, agile, driven primarily by market competitiveness, contains a rigorous job evaluation approach, recognizes the diversity of employees and recognizes the diverse needs of the university's individual organization units. The new plan design should be easy to understand, contain fewer, broader salary ranges and contain simple salary administration guidelines. Routine decisions, under a new staff pay plan, should be made at the lowest possible level. In addition, the new plan should be linked to an effective, competency-based performance management and career development system. Salary increases should be based on performance and competency and awarded on a timely basis, eliminating the disjointed timing in the salary planning and approval process and establishing a logical link between performance and reward.
- *UGA should investigate the use of incentive compensation and other non-financial benefits* – Incentive compensation plans can serve to drive and reward higher levels of performance and productivity and reinforce organization change. UGA should also consider the use of other non-financial benefits that promote work/life balance and differentiate employers of choice. These may include childcare assistance, programs for the advancement of women and minorities, flexible work schedules, telecommuting and casual dress, to name a few.

Employee understanding and acceptance will be absolutely critical to the success of any new staff compensation program. Procedures aimed at ongoing maintenance are also an essential part of an effective staff compensation program.

I. Background

The University of Georgia (“UGA”) is a land-grant and sea-grant university with statewide commitments and responsibilities and is the state's flagship institution of higher education. All state-supported institutions of higher education in Georgia are under the jurisdiction of the Board of Regents of the University System of Georgia (“BOR”).

UGA has a workforce of almost 10,000, including approximately 7,000 staff (non-faculty) employees. Staff positions generally include managerial, administrative, professional, clerical, technical, skilled trades and service jobs. Classified staff are compensated under the Wage and Salary Plan for Classified Personnel (“*Staff Classification and Pay Plan*”). The number and nature of available job classifications are determined by the BOR. Each classification has a unique key, referred to commonly as a *B-code*.

The Staff Classification and Pay Plan, as administered by UGA, dates back to the 1970s. The basic classification structure and plan design have remained unchanged throughout the history of the plan. However, salary ranges have been increased periodically and efforts have been made to update administrative procedures. The classification system at UGA encompasses approximately 700 job titles in 23 job families.

UGA recently completed a major effort to define the university’s vision and strategic plan for the next several years summarized in the *Strategic Vision for UGA in 2010*. Effective management of human capital is a key requisite to the achievement of this vision as defined in this excerpt.

Recruiting, hiring and retaining faculty and staff of the highest quality in an internationally competitive marketplace will be a major priority. The knowledge age, as many are calling our present circumstance, depends as never before on the knowledge worker. Success in being an employer of choice will require the highest level of commitment to competitive salaries and benefits; to amenities that enrich the culture of the institution, such as childcare and retirement facilities; and to a continued involvement in institutional decision-making: Knowledge institutions thrive where knowledge workers believe they are responsible for both policy and product.

In considering the outcome of this strategic planning effort, UGA’s Human Resources Division perceived a number of issues that brought into question the current and, more importantly, the future effectiveness of the Staff Classification and Pay Plan. These included:

- Difficulty finding sufficient numbers of qualified applicants willing to accept employment to fill vacant staff positions in several key areas.
- A large number of employees transferring among the various other units within UGA to jobs with seemingly similar responsibilities, but higher compensation.
- Higher than acceptable turnover in certain key jobs.
- Negative perceptions among staff with regard to pay levels and practices.
- A large number of re-classification requests (i.e., request to place a position into a higher paid classification).

- A number of existing staff positions considered “not classified” because they have not been placed into the existing pay range structure. (These positions are commonly referred to as *gray area* jobs.)
- Inability to provide meaningful differentiation of compensation to reward high performers.
- Varied interpretation of somewhat restrictive salary administration guidelines.
- Inconsistency between position titles and job content internally, and as compared to the external marketplace.
- The absence of a defined compensation strategy to align UGA’s staff compensation practices with the university’s overall strategy and mission.

UGA’s Human Resources Division subsequently engaged Deloitte & Touche to review the Staff Classification and Pay Plan and provide recommendations for improved effectiveness.

II. Objectives

The objectives of Deloitte & Touche’s review of the current Staff Classification and Pay Plan were to:

- Recommend a new compensation strategy that is aligned with the university’s overall strategy, mission and desired culture of UGA.
- Understand employee perceptions of the current Staff Classification and Pay Plan.
- Analyze the relationship of UGA’s Staff Classification and Pay Plan to pay levels and practices in the competitive markets as defined by the new compensation strategy.
- Outline immediate and longer-term alternatives for improvement in salary administration and staff pay design.
- Pilot a paperless methodology for preparing and maintaining job descriptions.
- Develop and facilitate the participation of a *combined project team* including:
 - Deloitte & Touche Human Capital Advisory Services consultants;
 - UGA Human Resources Division professionals; and
 - A *Steering Team* of UGA management, staff and professional employees from the various divisions, departments and colleges.

The following sections of this report contain our methodologies, findings and recommendations based on these objectives. The paperless methodology for preparing and maintaining job descriptions is included in a separate project deliverable and not in this summary report.

III. Recommended Compensation Strategy

The Staff Classification and Pay Plan Review project methodologies, findings and recommendations are best understood when reviewed in light of the combined project team's recommended compensation strategy for UGA classified staff, which follows.

Compensation strategy is a guideline or framework against which compensation decisions can be made and market data can be interpreted. The purpose of compensation strategy is to align compensation programs and practices with the desired mission, strategy and culture of the organization. An effective compensation strategy produces compensation plans that align the interests of the employees with those of the organization.

The generally accepted elements of compensation strategy include the following:

- Relative importance of attraction, motivation and retention
- Relative importance of market competitiveness vs. internal equity
- Appropriate competitive market(s) and desired degree of competitiveness
- Timing of compensation data against the market– lead, lag, lead/lag
- Factors of pay
- Salary administration and decision making

The combined project team's recommended approach to these elements is outlined as follows:

Attraction, Motivation & Retention

While all three objectives are important, *attraction and motivation are relatively more important* to the successful achievement of UGA's strategic plan than retention. Given this, staff pay strategies will be more like those found in competitive businesses and less like those in government. Greater emphasis on competitive pay, starting salaries, administrative flexibility, the linkage of pay and performance and the consideration of variable pay systems will assist in the achievement of the university's strategy and mission. Competitive starting salaries are needed to attract talented employees.

Once competitive pay ranges are established, increases in staff pay will be tied to the achievement of performance standards. The culture of entitlement, where continuing employees expect the budgeted salary increase percentage, will be challenged. Under the recommended compensation strategy it will become understood that annual pay increases will vary among employees based on performance achievement. No annual increase in pay rate will be possible, where performance has been unacceptable.

Retention is not unimportant and turnover must be managed, particularly in key knowledge and service positions. However, some natural attrition will be beneficial to improve performance and productivity and justify more competitive compensation. UGA will ultimately do more with fewer, better-paid and highly motivated staff in order to achieve its overall strategy.

Market Competitiveness vs. Internal Equity

The recommended compensation strategy for UGA emphasizes market competitiveness slightly more than internal equity. This recommendation is driven by the need to acquire talented, highly motivated knowledge and other key-skill workers to meet the strategic objectives.

This compensation strategy recommendation does not suggest that internal equity is not important. Systems and procedures for gauging the relative worth of jobs within and among departments and divisions are necessary and will be a significant design factor in any compensation plan re-design. A system design that includes and projects perceived fairness and internal equity is a strong cultural imperative, as well as a requirement to minimize legal exposure.

Appropriate Competitive Markets and Degree of Competitiveness

Historically, UGA perceived the competitive marketplace for staff positions to be fairly narrow from an industry and geographic standpoint. The recommended compensation strategy recognizes that, depending on the job, UGA competes with all industries, as well as, local, regional, national and international geographic markets.

Inherent in the common design principles of traditional salary ranges, is the concept that the midpoint of the salary range to which a position is assigned should approach the “market” rate for fully competent position incumbents. Salary range midpoints will generally reflect the desired market position for a given job (e.g., market median, 75th percentile, etc.), regardless of the salary structure design ultimately adopted. UGA must manage and administer salaries around the salary range midpoints, rather than the range minimum as is presently the case, to successfully implement this strategy.

For certain Athens-based service jobs and in certain outlying locations, UGA “makes” the competitive market. In these relatively few instances, UGA must also consider its civic and social responsibility in setting living wage, salary rates.

Graphic 3.1 reflects the competitive markets and desired degree of market competitiveness recommended to achieve UGA’s strategic plan.

3.1 Proposed Competitive Markets for Staff Compensation

Position Type	MARKET	Administrative		Research/Technical	Information Technology/ Communications	Services	
		Academic-specific	Non-Academic			Skilled Trades/ Knowledge	Others
Management/ Supervisory	Industry	Higher Education	All Industries	All Industries	All Industries & Higher Education	All Industries	All Industries
	Geography	National/ International	National	National/International	National	Regional	Local
	Competitive Level	Median	Median	Above Median	Median	Median	Median
Exempt Non-supervisory	Industry	Higher Education	All Industries	All Industries	All Industries	All Industries	All Industries
	Geography	National/ International	National	Regional	Regional	Regional	Regional
	Competitive Level	Median	Median	Median	Median	Median	Median
Non-Exempt	Industry	All Industries		All Industries	All Industries	All Industries	All Industries
	Geography	Regional		Local	Regional	Local	Local
	Competitive Level	Median		Athens = Median; Other Locations <Median	Median	Median	Median
Representative Job Titles		Director Student Affairs; Financial Aid Counselor;	Controller; Accountant; Accounting Clerk; Admin. Asst.	Research Coordinator; Research Technician; Lab Technician	IT Manager; Software Engineer; Telecommunications Engineer; Computer Operator	Facilities Manager; Architect; Electrician	Police Lieutenant; Food Service Worker; Grounds Keeper

Timing of Compensation Data

The competitive market for salaries is dynamic. Increases in overall base salary levels in the U.S. and in Georgia have been in the range of 3.5% to 4.5% per year in recent years. The market for hot-skill jobs (e.g., information technology workers and pharmacists) has significantly outpaced this general rate of increase. Sound compensation management practices require annual adjustments to salary ranges and merit increase budgets based on market data.

In the course of the one-year period during which this data will be relied upon for compensation decisions, the market itself will continue to move. Therefore, data effective at a point in time at the beginning of the year will “lag” the market the entire year. Projecting the market’s position at year-end, and adjusting compensation ranges accordingly allows one to “lead” the market.

A “lead/lag strategy” is broadly accepted as efficient in balancing salary costs with competitiveness. This strategy is favored by many organizations because of its “middle ground” position. It is not so conservative as to detract from the organization’s ability to compete. Yet, it is not so aggressive as leading the market for the entire year, with a resultant higher cost.

By employing a lead/lag compensation strategy, UGA will lead market salaries for the first half of the year (“year” defined as the one-year period beginning after the last salary increase, hence October through September) and lag the market for the remaining six months. In other words, market data used for salary planning purposes will be “aged” to March of the following year.

Factors of Pay

Factors of pay are the underlying criteria that determine differences in salary levels, e.g., knowledge, skill, experience. UGA desires a market-driven, pay-for-performance compensation plan that rewards individual results. Differences in pay from one classification to another should reflect differences in market compensation. Where market data is not available for a specific job, placement in the salary structure should be based on the mission critical competencies needed to perform the job. Differences in pay among incumbents within the same classification should reflect the competence and performance of the individuals.

Salary Administration & Decision Making

The administration of salaries at UGA will be flexible and responsive to market demands, with decisions made at the lowest possible level. Supervisors and managers will be empowered to make decisions appropriate to their level and afforded the tools, training and communications required. Salary administration decisions should reflect the desire to pay a fully competent employee at the desired market level, which is reflected in the salary range midpoint.

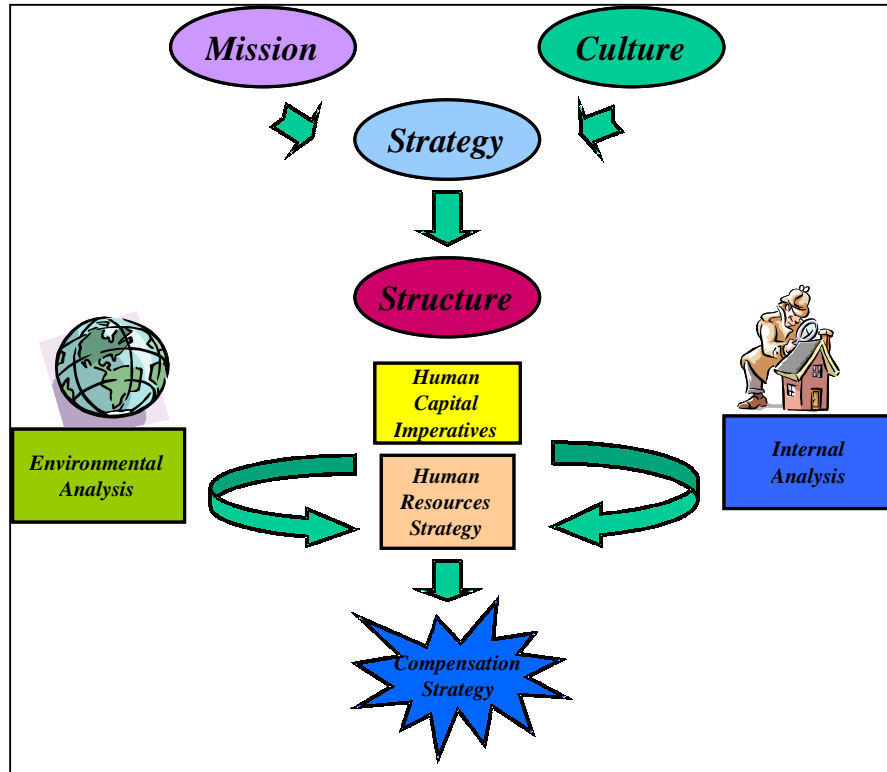
Agility and flexibility can be achieved through the use of salary structures that have fewer, broader salary ranges. The concept of “gray area” jobs will be eliminated through the implementation of a flexible pay plan that is able to recognize UGA’s need for a broad range of skill sets. The recommended compensation strategy encourages the exploration of career paths, skill-based and competency-based pay progression approaches.

Salary administration guidelines dealing with the timing of budget allocations, performance appraisals, promotions and salary increases will be aligned to reward performance on a timely basis. UGA’s salary administration guidelines will allow for career advancement opportunities within each organizational unit and across the university.

IV. Methodology and Findings

The proposed compensation strategy recommended in this report is the product of the combined project team. The following sections of this report summarize the methods and findings used by the team to develop the proposed compensation strategy. Many of the areas reviewed during the project are reflected in Graphic 4.1.

4.1 Compensation Strategy Flow Chart



Role of the Steering Team

The Steering Team played a significant role in this compensation review effort. Regular meetings were held with the Steering Team beginning in August 2000 to report on project status and the findings of each work phase. The Steering Team provided feedback to the combined project team on research findings and deliverables. Project progress was communicated to the university staff and faculty through the Steering Team. Most importantly, the Steering Team provided insight and perspective to the combined project team from a staff point-of-view. The Steering Team's input into the compensation strategy and overall project recommendations was invaluable.

IV-A. Internal Analysis

Deloitte & Touche examined the existing Staff Classification and Pay Plan as administered by UGA. This involved a review of pay structures, salary administration and budgetary guidelines, job descriptions, classification plans and similar documentation. In addition, conversations were held with members of the Human Resources Division to discuss the present system. These discussions provided initial insight on the system's history, its effectiveness and its perceived shortcomings. Feedback was gathered from other employees as well. A web-based survey, one-on-one interviews and a number of employee focus groups were used to collect employee perceptions on pay competitiveness, salary increases, performance evaluation, performance recognition and other compensation and human resources topics.

Web-Based Survey

SCENDIS (formerly Hubbard & Revo Cohen), a Deloitte & Touche alliance partner assisting on this the project, utilized its ALEX™ Risk Manager assessment tool to conduct a web-based survey of employee perceptions regarding the Staff Classification and Pay Plan. SCENDIS and Deloitte & Touche, working with the UGA Steering Team, produced a set of questions targeted to supervisor and employee populations. A total of 1,100 UGA employees were invited to respond to the survey over the Internet and another 600 were invited to complete a paper survey. In addition, all employees interested in participating were invited to submit a paper survey. There were 916 survey responses received from survey respondents having the following characteristics:

- At least 1 year of service (1 to 5 years had highest percentage – 32% of respondents)
- Non-minority (82% White/Caucasian)
- Primarily women (60% of respondents)

In summary, 80% of the respondents understand their jobs, believed they understand what is expected of them and had seen their job description. Fifty-percent (50%) of the respondents believed their job description matches their actual duties. In general, many expressed the opinion that pay is low both in an absolute sense and relative to other employers. Respondents indicated problems exist with internal pay equity among positions at UGA and, in many cases, pay is not commensurate with skills and abilities nor with duties performed. There was a perception that fair pay and merit increase decisions are not always reached. Employees desired more information about how pay is determined and how they can increase their pay.

Interviews and Focus Groups

Executive interviews and employee and supervisory focus groups were conducted by Deloitte & Touche to gain additional insight into employee perceptions.

Executive Interviews

Deloitte & Touche conducted 25 executive interviews, some with multiple participants, invited by the primary interviewee. The executives interviewed included:

- Deans of all colleges
- Senior Vice Presidents in Finance and Administration and External Affairs,
- Vice Presidents in Public Service and Outreach, Research, Strategic Planning and Academic Affairs
- Executive Director of Legal Affairs
- Directors of Physical Plant, Personnel/Cooperative Extension Services, University Libraries

- Interim Chief Information Officer

The interviewees were willing and open to share opinions and perceptions. They indicated support for this project was widespread and there was a strong desire to make improvements to the Staff Classification and Pay Plan. Interview responses were recorded, assessed and analyzed qualitatively. All individual comments have been kept strictly confidential. A summary of the interviewees' perceptions with respect to several compensation and human resources topics is presented below.

The executives interviewed expressed a general level of frustration with regard to attracting and retaining employees and filling existing job openings. They expressed that higher pay levels were needed to retain the "best and brightest." In their opinion, qualified applicants, with appropriate Information Technology ("IT") skills, appeared to be the most difficult to attract and retain. This, in turn, was perceived to threaten the university's future, most notably its ability to deliver instruction via technology.

Entry and mid-level administrative support positions were also perceived as difficult to fill. Other positions perceived by executives as critical to the university and difficult to recruit included skilled laboratory technicians, researchers, maintenance workers and jobs somewhat unique to a particular unit e.g., dairy workers, animal care workers.

The executives perceived that UGA has become a training ground for many technical jobs. In other words, employees receive valuable training from UGA, then leave shortly afterwards for higher pay at another employer. For instance, it was indicated that UGA loses technical staff to Atlanta businesses, as well as some local companies because of below market pay levels.

The executives also indicated health care benefits had historically been very important in attracting people to employment at UGA while retirement benefits have been important in their retention. They felt staff employees perceive that increasing health insurance costs are significantly decreasing the overall value of the total compensation package (i.e., pay raises are often consumed by increases in health insurance premiums). However, they felt staff found the holiday and sick leave policies and tickets to athletic and cultural events attractive.

There was an almost universal belief among executives that UGA's staff pay is not competitive locally or nationally and has not been maintained at market levels. The BOR was mentioned often, because they believed it hired IT workers in Athens, at higher salaries than those available to UGA. Generally, it was believed that Georgia State University and Georgia Tech also pay staff jobs more competitively due to the demands of the Atlanta job market. However, it was felt UGA had not recognized that Athens is now part of the ever-expanding Atlanta market for many jobs and it is more commonplace for people to commute from the Athens area to Atlanta for better paying jobs than it may have been in the past.

While many executives believed pay is generally comparable across the university, there was a feeling that some organization units pay higher than others to avoid losing staff to other units. In addition, most believe the staff pay problem is worse at lower level positions.

With regard to executive perceptions on the link between the pay system and performance, most believed pay has not had a significant impact on performance. The weak linkage between performance and pay-increases is caused, to a great degree, by the lapse of time between performance evaluations and pay raises and the fact that the overall raise pool is limited.

The executives perceived that morale problems exist due to their inability to recognize employees' contributions. They agreed the majority of employees receive satisfactory to high evaluations and receive raises equal to the "average," i.e., the overall budgeted percentage that is communicated in the news media. In many cases, these "across-the-board"-type salary increases are often given to avoid angering staff. Many opined that supervisors are not trained to manage performance and to make difficult pay and performance decisions.

Executives believed UGA's culture is one of entitlement. (In fact, common sentiment among staff employees was that UGA should "take care of everyone" i.e., be paternalistic.) Executives, and staff employees believed there is a general reluctance to terminate poor performers and that this negatively impacts UGA's overall performance.

Executive perceptions on pay of newly hired employees as compared to existing employees also raised concerns. There was a consensus that new hires are often paid the same or more than existing employees due to current job market conditions, i.e., low unemployment and a robust economic environment that is far different than that of 10 to 15 years ago.

Executive perceptions on the Staff Classification and Pay Plan as a viable management tool are also of concern. Widespread opinion is that the classification system is antiquated. UGA managers expend much time and effort "gaming" the system. The majority of staff reclassifications are simply a means to increase salary beyond the annual salary increase guidelines. Duties and skills often don't match the new job classification; as a result, title inflation is quite common. Position descriptions no longer make sense, are often outdated and do not reflect the work actually performed.

Among the executives interviewed, widespread feelings exist that the Staff Classification and Pay Plan also does not foster professional development or career advancement opportunities. UGA loses skilled employees because they must find jobs elsewhere to achieve financial advancement.

UGA executives also expressed desires for a Staff Classification and Pay Plan that recognizes around-the-clock, seven-days-a-week ("24/7") operations and allows UGA to pay shift differentials, overtime and "on-call" pay. A desire to have the ability to eliminate positions, but keep the allocated salary dollars so they can attract better employees through higher pay, i.e., so more can be done with fewer, high caliber employees, was expressed. Overall, executives recommended a Staff Classification and Pay Plan that pays competitively so UGA can attract and retain the quality employees its needs and has greater flexibility in setting salaries or changing pay scales. In addition, executives recommended a complete "overhaul" of the classifications. Executives also desire the ability to promote employees as their skills improve or expand so they can be retained.

Employee and Supervisory Focus Groups

The focus groups were an opportunity for UGA staff employees to share their views on the Staff Classification and Pay Plan. Deloitte & Touche conducted 15 focus groups with selected staff employees (11 in Athens, 2 in Griffin and 2 in Tifton). A total of 185 employees participated in the focus groups, which was approximately 50% of the total number of employees invited. Focus group participants were selected in order to provide a representative sampling from different job families, roles in the organization, e.g., employees vs. supervisors and different demographic groups, e.g., tenure, age, gender.

Many of the same concerns expressed during the executive interviews were heard throughout the focus groups. A summary of the representative employee perceptions is presented below. All individual employee comments have been maintained as confidential.

Employees were asked what attracted them initially to UGA as an employer. Most staff employees were initially drawn to UGA for the benefits (health care, retirement, time-off benefits). Some were attracted by the Athens lifestyle and sense of community. Others had a spouse who works for UGA, or is a student and others came because they were tired of dealing with the stress they found working in industry. Many mentioned they were attracted to UGA because of the campus environment. Some saw UGA as an opportunity to get into a particular field, or to gain experience and then move on. Many employees were attracted to UGA because they perceived it to be a stable work environment, i.e., no layoffs.

However, many no longer considered UGA an employer of choice. Rising health care insurance premiums, pay and the current economic environment have changed their perceptions.

There was a widespread belief that UGA's pay is not competitive. Most believe the university's pay is below market locally and below that of other universities, e.g., Georgia State and Georgia Tech. Some employees admitted to having two or more jobs, because they can't make a living on UGA's pay. IT employees, as a group, believed UGA is significantly under market, particularly when compared to the Atlanta job market. There was a perception that students are paid more than UGA staff for the same jobs.

Widespread dissatisfaction appears to exist with regard to the Staff Classification and Pay Plan. This plan is viewed as having failed to keep up with the times. Wage compression was mentioned often, as was little pay differentiation for leadership or supervisory roles. Favoritism is perceived to be widespread and a big concern for employees when it comes to pay increases. Many also believe the gap between higher paid and lower paid employees is widening.

Most long-tenured employees revealed that they stay at UGA for the retirement benefits. Many felt they had been at UGA too long and couldn't "start over" some place else. Others stay because they like their jobs and co-workers. A number simply stay because they don't want to drive to Atlanta.

Many less senior and younger employees admitted they were likely to move on to other employers. Better pay and benefits were cited as the main reasons employees leave UGA. Some leave because they are tired of the bureaucracy and having to "work the system." Others leave

for additional career opportunities. Flex time, telecommuting, help with child care and annual leave pool (so employees can donate their time to employees who really need it) were perceived as benefits that are attractive and would make UGA more attractive.

The Staff Classification and Pay Plan was not perceived to encourage people to perform better. In fact, some expressed that it encourages laziness. Many believed performance evaluations are not worthwhile because they are not related to pay raises. They felt it was difficult to differentiate poor performance from good, so it was generally not done.

Inconsistent application of the evaluation/performance management and favoritism often resulted, in their opinion. At times, performance evaluations completed by supervisors were changed by department heads. Other issues with performance evaluations, such as the lack of a timing relationship to raises, are apparent to the employees and they felt their morale was suffering because of the pay system.

Staff employees also felt the faculty is treated better than they are, faculty raises are not delayed and faculty have more flexibility with regard to pay and pay raises. They felt there was considerable focus on faculty and students, but not the staff and legislators were likely to think the staff is as well paid as the faculty. Overall, staff employees believe their contributions to running the university are not recognized.

Other problems cited included reclassifications used to increase salaries (but used inconsistently among supervisors), title inflation and job classifications that do not match the work actually performed. There was a widespread feeling that growth and development opportunities are non-existent, and staff employees would like the opportunity to improve their skills and advance professionally and financially.

Among the recommended improvements cited by the employees for the Staff Classification and Pay Plan are:

- Have fewer job classifications
- Update all job classifications
- Test the competencies of new employees
- Provide additional opportunities for advancement
- Make pay ranges consistent with the market and more realistic
- Eliminate salary compression by rewarding high performing, longer-term employees
- Provide performance management and compensation administration training for supervisors
- Recognize the 24/7 operations of some areas through compensation

- Allow mid-year pay increases to avoid situations where, for example, reclassified employees have to wait for a raise

The employee input gathered through the interviews and focus groups validated problems and misuses of the Staff Classification and Pay Plan perceived by the Human Resources Division. It also shed light on additional facets of compensation and total rewards to be considered in redesigning the program.

Having direct employee involvement in the pay review project is critical to achieving a comprehensive understanding of the issues. By obtaining employee input at project outset, the joint project team was better prepared and directed in moving forward with the remaining project phases.

Lominger Cultribute™ Session

Deloitte & Touche facilitated a meeting with the Steering Team in order to identify the organizational capabilities for a desired UGA culture and compensation strategy that is aligned with the UGA strategic vision. The tool used to identify these capabilities was the Cultribute™ Career Architect by Lominger Limited, Inc., an alliance partner of Deloitte & Touche. The Cultribute™ process allows participant groups to determine the “mission critical” capabilities necessary to achieve the business strategy and mission. In the case of UGA, the Steering Team selected the following organizational capabilities as critical to the strategic plan:

- **INFORMING** – Provides the information people need to know to do their jobs and to feel good about being a member of the team, unit, and/or the organization; provides individuals information so they can make accurate decisions; is timely with information.
- **MANAGING VISION AND PURPOSE** - Communicates a compelling and inspired vision or sense of core purpose; talks beyond today; talks about possibilities; is optimistic; creates mileposts and symbols to rally support behind the vision; makes the vision sharable by everyone; can inspire and motivate entire units or organizations.
- **PROCESS MANAGEMENT** - Good at figuring out the processes necessary to get things done; knows how to organize people and activities; understands how to separate and combine tasks into efficient work flow; knows what to measure and how to measure it; can see opportunities for synergy and integration where others can't; can simplify complex processes; gets more out of fewer resources.
- **DELEGATION** - Clearly and comfortably delegates both routine and important tasks and decisions; broadly shares both responsibility and accountability; tends to trust people to perform; lets direct reports finish their own work.
- **CUSTOMER FOCUS** - Is dedicated to meeting the expectations and requirements of internal and external customers; gets first-hand customer information and uses it for improvements in products and services; acts with customers in mind; establishes and maintains effective relationships with customers and gains their trust and respect.

- **PROBLEM SOLVING** - Uses rigorous logic and methods to solve difficult problems with effective solutions; probes all fruitful sources for answers; can see hidden problems; is excellent at honest analysis; looks beyond the obvious and doesn't stop at the first answers.
- **LISTENING** – Practices attentive and active listening; has the patience to hear people out; can accurately restate the opinions of others even when he/she disagrees.
- **DRIVE FOR RESULTS** - Can be counted on to exceed goals successfully; is constantly and consistently one of the top performers; very bottom-line oriented; steadfastly pushes self and others for results.
- **BUSINESS ACUMEN** - Knows how businesses work; knowledgeable in current and possible future policies, practices, trends, and information affecting his/her business and organization; knows the competition; is aware of how strategies and tactics work in the marketplace.
- **BUILDING EFFECTIVE TEAMS** - Blends people into teams when needed; creates strong morale and spirit in his/her team; shares wins and successes; fosters open dialogue; lets people finish and be responsible for their work; defines success in terms of the whole team; creates a feeling of belonging in the team.
- **DEVELOPING DIRECT REPORTS** - Provides challenging and stretching tasks and assignments; holds frequent development discussions; is aware of each direct report's career goals; constructs compelling development plans and executes them; pushes direct reports to accept developmental moves; will take direct reports who need work; is a people builder.
- **MANAGING AND MEASURING WORK** - Clearly assigns responsibility for tasks and decisions; sets clear objectives and measures; monitors process, progress, and results; designs feedback loops into work.

The capabilities listed above are the ones the Steering Team deemed essential for UGA to execute its strategic vision and provide the foundation for its ongoing people programs including compensation. The recommended compensation strategy is based, in part, on the organizational competencies listed above. Future design of pay plans, performance management tools, staff training and development programs, and recruiting and selection assessment tools should consider these desired Cultributes™.

Salary Administration Review

There are varying sources for staff salary administration procedures at UGA including Human Resources Division memoranda, BOR directives and the Finance and Administration policy manual. There is no centralized source of salary administration information, nor are supervisors and managers sufficiently trained in salary administration and performance appraisal methods. Many competitive pay practices such as shift differential, on-call pay and call-in pay are not addressed at all by the guidelines.

Salary administration decisions should reflect the desire to pay a fully competent and performing employee at the desired market level, which is reflected in the salary range midpoint. Current practice at UGA is to manage against the range minimum, which is an arbitrary amount attributed more to salary range design, rather than market competitiveness. In fact, salary range minimums have been increased at lesser percentages than those attributed to annual salary range (i.e., midpoint) movement in order to reduce pay compression between new hires and existing employees.

UGA utilizes 62 grades in its salary structure, with midpoints fairly close together. Midpoint progression (i.e., distance from one range's midpoint to the next) is 2.5%, whereas general industry practice is typically 10% to 20%. Only one structure is currently utilized, whereas organizations as large and diverse as UGA would likely have more than one structure to address market influences and compensation strategies that may vary across jobs and job families.

Salary administration decision-making and timing are not aligned with the proposed compensation strategy or effective practices. Salary decisions such as starting salaries for new hires, annual salary increases and promotional increases are often made by the top executive or designee (i.e., Dean, Vice President) in an organizational unit, even with regard to lower level employee salaries. The timing of salary increase budget decisions, performance appraisals, communications about salary increases and actual salary actions (i.e., pay raises) is disjointed and not typical or effective to a pay-for-performance approach.

Salary administration processes at UGA are paper-intensive and have not kept pace with other large organizations in the use of computer-based applications for salary and performance management. This is coupled with a relatively small (two as of this writing) number of human resources professionals dedicated to compensation management.

Although the Staff Classification and Pay Plan has been periodically updated, UGA has no formal policy or administrative guidelines prescribing the processes to be completed to maintain the plan.

IV-B. Environmental Analysis

Understanding external factors such as the labor market, compensation trends and the Human Resources practices of other organizations are equally important to a clear understanding of UGA's pay programs, culture and strategy in developing a new compensation strategy.

Current and Emerging Workforce Issues

Today's labor market is characterized by demand exceeding supply as employers vie for human resources, in general, and knowledge workers, in particular. Research and similar experience with many clients indicates the supply of available labor has decreased, due to historically low unemployment and slowed workforce growth. The demand for labor has increased, due to increased job growth and new capability requirements. Demand for labor is outpacing the available supply, creating labor and skill shortages. ***Minor increases in unemployment due to cyclical economic conditions***, will not resolve the increasingly severe shortage of knowledge/technology and entry-level workers required in the new economy. The issue is demographic, rather than simply economic.

More and more business leaders are describing their organization's inability to execute business strategy as resulting from a lack of people with required talent. This challenge will intensify over the next five to ten years, based on projected labor trends. Many traditional human resources principles, programs and infrastructures will not support the new thinking. Innovative solutions and agile systems are required to respond to these challenges.

UGA is experiencing the effects of these market conditions on two fronts:

- From an internal standpoint in trying to achieve its strategic vision that stresses, *"Information technology and support will be upgraded in every aspect of institutional living"*; and
- From an external standpoint as an expanding Atlanta metropolitan region introduces additional competition for talent.

Successful organizations will be those with the vision and foresight to implement flexible systems able to respond to labor market dynamics while maintaining alignment with the business strategy. In order to formulate a compensation strategy aligned with the business strategy and responsive to market dynamics, an organization must first understand how its present compensation systems and approaches compare to the marketplace. The following sections of this report discuss competitive-market compensation practices.

Market Compensation Analysis

Market data on pay levels and practices were compiled and analyzed through a custom survey of comparable Southeastern universities and a review of published compensation surveys. The *detailed* results of the pay level analysis are absolutely necessary for the design of a new staff pay program. However, for the purposes of this report, we offer the following methodology and pay practice conclusions. Also, individual employee compensation is confidential and not appropriate to a summary report.

Custom Survey

Deloitte & Touche conducted a custom survey of 19 Southeastern universities, selected by UGA's Human Resources Division. Thirteen (13) of those universities agreed to provide survey responses to a compensation practices survey. They were as follows:

Graphic 4.2 – Custom Survey Respondents

Auburn University	North Carolina State University
Emory University	University of Florida
Florida State University	University of Mississippi
Georgia Institute of Technology	University of North Carolina
Georgia State University	University of South Carolina
Louisiana State University	University of Tennessee
Mississippi State University	

The custom survey collected response data on compensation-related human resources practices, such as salary increase amounts and timing, shift differentials and types of salary structures. It's important to note UGA is larger, with more employees, students and budget dollars than the median of the respondent group.

The survey revealed information on various compensation and related human resources practices. Seven primary areas were surveyed:

- Compensation Strategy (or Philosophy)
- Salary Structures
- Salary Administration
- Job Evaluation
- Other Pay Arrangements
- Alternative Rewards
- Short-Term Incentives and Other Pay Practices

The following are the summarized survey results for each area above.

Compensation Strategy

Five responding universities (38.5%) reported having a formal compensation strategy (or philosophy). Of those five, the majority had a practice of targeting the 50th percentile for base salaries. One organization reported a total cash compensation (base salary plus bonus/incentive) strategy at the 75th percentile for executives. Two organizations targeted between the 50th and 75th percentiles for IT base salaries

Salary Structures

Traditionally, the term salary structure refers to a table of salary grades with associated salary ranges that indicate a minimum, midpoint and maximum salary for each grade. Organizations may have one or multiple salary structures depending on compensation strategy. The majority of survey respondents reported utilizing traditional salary structures for their administrative and

professional, health care/medical and non-exempt jobs. The average number of structures utilized is 2.3. Four (4) structures are the most employed by a university.

Graphic 4.3 –Custom Survey: Average Number of Salary Structures

	Number of Responses	Average No.	Median No.	High	Low	UGA
Number of Traditional Structures	12	2.3	2.5	4.0	1.0	1.0

The responding universities reported the number of grades per structure was approximately 10 to 20. (UGA’s single salary structure consists of 62 salary grades.) Salary structure adjustments for 2000 varied by job type and ranged from 2.0% to 10.0%, most were within a range of 2.0% to 4.0%. (Note: UGA “executive” staff positions are unclassified and have no assigned grades.)

Graphic 4.4 –Custom Survey: 2000 Salary Structure Market Adjustments

	Number Reporting Adjustments	% of Respondents	Average % Increase	Median % Increase	Highest Reported Increase	Lowest Reported Increase	UGA
Executive	3	25.0%	2.33%	2.0%	3.0%	2.0%	n/a
Mgt/Superv	8	66.7%	2.63%	2.5%	4.0%	2.0%	1.25%
Skilled Trades - Professional	9	75.0%	3.51%	2.5%	10.0%	2.0%	1.25%

Of the universities using any type of formal salary structure, one-third reported the use of a broadbanded structure. A broadbanded structure is one with relatively few, wide ranges or bands as compared to a traditional structure. Whereas a traditional salary range width (percentage difference between range maximum and minimum) may be 50% to 70%, a broadband width will typically be at least 100%. Of the four reporting the use of a broadbanded structure, all reported the existence of only one such structure. One university reported three broadbands for executive employees. One university reported ten broadbands for its classified jobs. Another reported seven broadbands for its administrative and professional jobs

Salary Administration

Salary administration questions dealt with practices around salary increases, promotion practices, hiring range, and the like. Fifty-six percent (56%) of respondents provided for performance-based salary increases. The second most prevalent practice, utilized by a minority of the universities (30%), was across-the-board increases, which are not based on individual performance. Two universities utilize both merit and across-the-board increases.

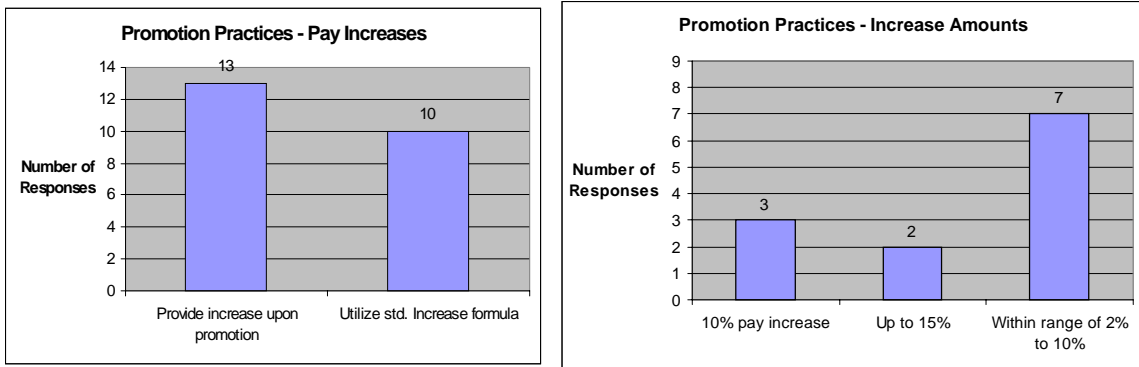
The most common practices with regard to salary increase frequency, timing and amount among the respondents were as follows:

- 12 to 15 months between salary increases

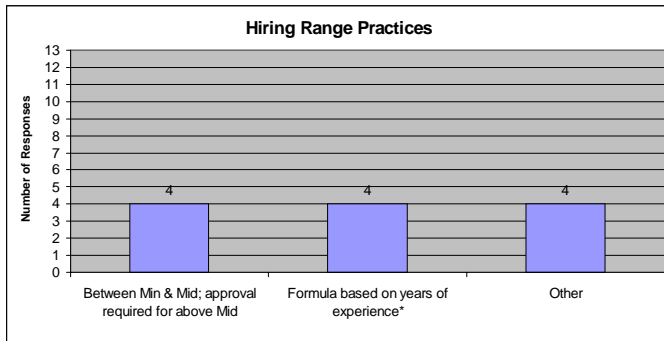
- 3.0% to 3.5% total pay increase budget for 2000
- 4.8% - highest reported increase budget
- 0.0% - lowest reported increase budget
- Promotional and merit increase budgets are typically combined and are not separate
- Salary increases effective on a common date as opposed to anniversary date-of-hire

Graphic 4.5 –Custom Survey: Reported Promotion Practices—Salary Increases and Amounts

Eleven of 13 universities (85%) reported the use of a standard formula for determining starting salaries for new hires.



Graphic 4.6 –Custom Survey: New Hire Salary Determination



* Includes those that utilize a “cap” at some percentage above minimum salary

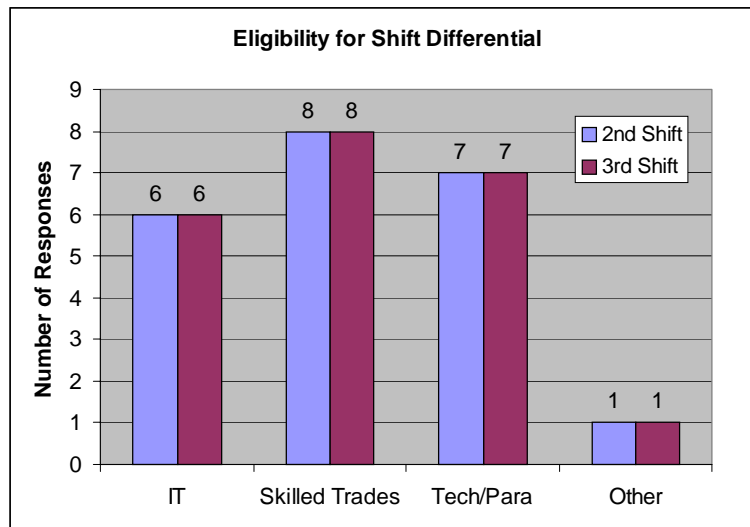
Job Evaluation

Job evaluation refers to an organization’s means of comparing the relative worth of a job to other jobs. This is the primary tool for establishing and maintaining internal equity within a pay system. Job classification was the most prevalent job evaluation methodology used by 46% of respondents. The second most prevalent methodology was point factor. Two universities did not report a job evaluation methodology.

Other Pay Arrangements

Shift differential refers to the practice of paying a premium to employees who work other than daytime hours. The following table presents the prevalence of such a practice among the survey participants.

Graphic 4.7 –Custom Survey: Reported Eligibility of Shift Differential for Selected Job Categories



On-Call Pay refers to the practice of paying a premium to employees who must be available to be come back to work upon request during their off hours. Seventy-seven (77%) of the respondents required some employees to be “on-call. Of those offering on-call pay, 62% begin compensation when the employee arrives at the work site.

On-call compensation practices included:

- \$1.00 per hour (2 respondents)
- \$1.00 per hour; ¼ of pay grade minimum on weekends and holidays (2 respondents)
- \$0.94 per hour (2 respondents)
- On-call rate determined by management

Alternative Rewards - Short-Term Incentives and Other Pay Practices

Short-term incentives refer to a variable pay plan that is based on the performance of an individual, work group or team, or the university as a whole over a period of a year or less. Only 1 out of 13 (8%) universities reported the use of a short-term incentive plan. This plan was a discretionary bonus plan under which all employees were eligible for cash awards.

Only 1 of 13 universities (8%) rewards employees for successful referral of candidates with a *referral bonus*. Only 1 of 13 universities (8%) responded that employees might receive a *signing bonus*.

Published Survey Results

Several published compensation surveys were analyzed to attempt a comparison of UGA’s pay levels to the competitive markets defined in the proposed compensation strategy. However, the ability to make one-to-one comparisons between UGA classifications and the survey jobs with a high degree of confidence was hampered due to the misuse of the classification system. For example, an Accounting Clerk position as defined by the published surveys may actually be classified as an Accountant at UGA. However, an attempt was made to offer some insight into the market relationship by providing a sampling of results where comparisons to the market were less prone to mis-classification by the nature of the jobs.

Graphic 4.8 –Published Surveys: Market Median of Selected Jobs

Title	Job Class Code	Number Employees	Annual Salaries		Ratio to Market
			UGA Average	Market Median	
Computer Operator II	00241	9	\$ 21,479	\$ 30,371	70.7%
Public Safety Officer	01303	40	\$ 20,386	\$ 29,216	69.8%
Equipment Operator	01412	18	\$ 23,164	\$ 32,071	72.2%
Library Assistant II	00081	31	\$ 16,336	\$ 20,416	80.0%
Custodian I	01501	149	\$ 14,974	\$ 17,848	83.9%
Stores Clerk II	00506	19	\$ 19,128	\$ 21,497	89.0%
Plumber I	01619	24	\$ 32,143	\$ 34,713	92.6%
Electrician I	01656	45	\$ 33,193	\$ 33,253	99.8%
Painter I	01623	30	\$ 28,057	\$ 26,968	104.0%
Carpenter I	01636	55	\$ 30,906	\$ 27,688	111.6%
Air Conditioning Mechanic I	01676	41	\$ 32,597	\$ 27,100	120.3%
Academic Advisor	10615	32	\$ 26,012	\$ 36,462	71.3%
Research Coordinator I	11017	96	\$ 32,941	\$ 39,132	84.2%
Research Technician III	11015	132	\$ 27,506	\$ 32,291	85.2%
Administrative Secretary	00056	305	\$ 24,120	\$ 27,849	86.6%
Clinical Nurse III	00964	37	\$ 22,580	\$ 25,922	87.1%
Senior Administrative Secretary	00057	143	\$ 29,060	\$ 33,028	88.0%
Medical Technologist IV	10715	11	\$ 35,709	\$ 39,837	89.6%
Total		1,217		Average	88.0%

The jobs in Graphic 4.8 represent approximately 21% of the staff employee population at UGA. The results indicated some salaries are somewhat above the market median and many are below the market median. Many factors can affect these results including the average tenure of the employees in a given job title. However, the salient finding is that there are a large number of UGA employees who are likely compensated below the market median. Of those compensated below the market median, the degree of under-compensation is significant.

V. CONCLUSIONS

UGA does not have a clearly articulated compensation strategy. There is a lack of alignment between the Staff Classification and Pay Plan and UGA's strategic vision. UGA will have limited success in competing for knowledge/technology workers unless it establishes a comprehensive compensation strategy to address competitive positioning, relevant labor markets and flexible pay systems.

Staff employees and those responsible for managing them are dissatisfied with the current Staff Classification and Pay Plan. Many at UGA felt the university has fallen short of being considered an employer of choice for staff positions. This is due to less-than-competitive pay and perceived benefit reductions. The result is difficulty in attracting and retaining enough talented staff employees to fill all current vacancies and meet future needs.

It was felt that the Staff Classification and Pay Plan has been manipulated, primarily through reclassifications, to effect more competitive pay. The widespread use of reclassifications to effect pay increases rather than reflect true promotions, and the existence of *gray area* positions, are indications the salary administration process is not working.

Further, gray area positions are not subject to existing salary administration guidelines. There was consensus that this resulted in a lack of consistency between job title, job description and actual employee duties and responsibilities in many classifications. This, in turn, makes it difficult to make consistent pay and pay practice comparisons to relevant labor markets.

Salary administration decision-making and timing are not aligned with the proposed compensation strategy or effective practices.

There is a perception that pay levels are not consistent within and among departments for similar responsibilities. Poor and inconsistent performance evaluation and recognition practices exist, with little linkage perceived between performance evaluation and pay. The Staff Classification and Pay Plan creates limitations on professional development and career advancement opportunities.

The Staff Classification and Pay Plan's single salary structure has too many grades to be agile and responsive to market conditions. In addition, the administrative guidelines pertaining to salary administration are ineffective and formal training of supervisors and managers in salary administration and performance appraisal is insufficient.

The environmental analysis results indicated salaries both above and many below the market median. However, a large number of UGA staff employees are compensated below the market median. Of those compensated below the market median, the degree of under-compensation is significant.

RECOMMENDATIONS

As the university begins to operationalize its strategic vision, an effective human resources strategy that supports and facilitates this strategy is needed. Compensation strategy and supporting programs must be aligned with the larger human resources strategy and UGA's strategic vision. The following recommendations will require a significant time and resource commitment. There are, however, some short-term improvements UGA can undertake to alleviate some issues. These include:

- Eliminating restrictive salary administration guidelines, in particular those delaying performance and promotional salary increases and prohibiting mid-year salary actions
- Allowing headcount reductions achieved through retirement and voluntary resignation to immediately free-up funds for larger salary increases and adjustments
- Making targeted salary adjustments in critical-skills jobs right away

The following longer-term recommendations are intended to initiate the process and chart a path for future cultural and organizational change in the design of a new staff compensation plan.

Adopt the Recommended Compensation Strategy

The importance of the compensation strategy as the foundation for the pay plan cannot be understated. An effective pay plan cannot be established if the organization has not determined relevant labor markets, competitive positions, reward priorities and salary planning and administrative parameters. The proposed compensation strategy included in this report was based on the thoughts and experiences of the joint project team, as well as their informed opinions in light of internal and environmental analyses. It is recommended that UGA adopt this strategy and utilize it as a building block in constructing the university's future compensation plans. Compensation strategy must be flexible and adaptable. UGA should revisit this strategy periodically as overall strategy and needs evolve.

Compensation strategy should be aligned with an effective total compensation strategy that includes employee benefits and other non-compensatory programs that promote work/life balance and differentiate employers of choice. These may include childcare assistance, programs for the advancement of women and minorities, flexible work schedules, telecommuting and casual dress, to name a few.

Develop an Implementation Plan

The change of culture involved in successfully implementing a new pay plan is a larger effort than the mechanical design of the plan. Participation, communications, decision-making, stakeholder acceptance and public sentiment are a few of the major processes and issues to be dealt with in operationalizing the compensation strategy into an effective pay plan. Development of a comprehensive implementation approach to address these areas, before detailed design work on the compensation plan begins, is more important than the technical nuance of the plan design itself. Addressing these issues at the onset will streamline the process and position the organization for a collaborative, effective pay plan and successful change management effort.

Upgrade Technology for Salary and Performance Management

There are many Human Resources Information Systems (HRIS) and similar applications available that automate programs and practices affecting employees. It is our understanding that UGA is slated for eventual PeopleSoft® implementation. UGA should investigate the capabilities of PeopleSoft® and other applications through a thorough needs analysis, and expedite the implementation of the technology needed to effectively administer pay and other human resources initiatives. Every phase of pay plan design, impact analysis and operation of a compensation and performance management program in an organization of almost 7,000 staff employees can only be cost-effectively pursued using a technology solution.

Update Job Documentation

A major finding of this project was the conclusion that job titles and job descriptions do not consistently coincide with actual staff duties and responsibilities. Job descriptions are a critical component upon which appropriate pay levels are determined. UGA cannot place any reliance on market data and internal equity comparisons if the documentation is flawed. Therefore, it is imperative that updating job descriptions be regarded as a priority in developing a new compensation plan for UGA. A process for continuous maintenance of current, accurate job descriptions and creation of new job descriptions should also be included.

Revisit Market Analysis

As previously noted, the results of the market analyses completed for this engagement cannot be fully interpreted in the absence of an approved compensation strategy and accurate job descriptions. UGA should revisit and update the market analysis generated through this project. Supplemental comparisons should also be considered as needed, once these objectives have been achieved, in order to set effective pay levels for a new compensation plan. A process for periodic maintenance of current, accurate market data and a methodology to obtain market data for new jobs should also be undertaken.

Compensation Design Approach and Pay Plan Mechanics

Determination of the compensation plan design is the next logical decision to be undertaken after the above recommendations have been completed. Our custom survey indicated other southeastern universities are struggling with similar issues and are not the logical source for best practices in new compensation design. UGA should look beyond academia and the public sector for guidance. Our observations of successful organizations across industries and economic sectors indicate a need for a compensation plan with the following design characteristics:

- Flexible, agile
- Driven primarily by market competitiveness
- Secondarily driven by a rigorous job evaluation approach to ensure internal pay decisions are fair, equitable and defensible
- Recognizes the diversity of employees

- Recognizes the diverse needs of the university's individual organization units, while allowing enough consistency across units to maintain internal equity and employee portability
- Easy to understand
- Contains fewer, broader salary ranges, arranged in multiple structures as indicated by the compensation strategy and market demands
- Uses specialized tools, such as skill-based pay and broad-banding, only where specialized needs exist, and not for their own sake
- Contains simple salary administration guidelines where decisions can be made at the lowest possible level by consistently trained managers and supervisors
- Links to an effective, competency-based performance management and career development system
- Determines salary increases based on performance and competency, and awarded on a timely basis
- Employs variable, i.e., incentive compensation where appropriate to drive and reinforce higher levels of performance and productivity and organization change

Eliminate/Reduce Time Phase and Other Institutional Constraints

UGA should explore the viability of aligning fiscal and compensation decisions. Coordination between budgetary, performance review and salary action activities will assist in eliminating disjointed timing in the salary planning and approval process and establish a logical link between performance and reward.

Implement New Pay Plan

Once all design aspects have been determined, UGA will be positioned to implement the new pay plan. Change management and communication will play critical roles in this process. UGA should communicate with employees every step of the way, informing them of the tasks and time frames involved. Employee understanding and buy-in will be absolutely critical to the ongoing success of the new plan. A successful implementation plan will also include procedures for ongoing maintenance of an effective staff compensation program.