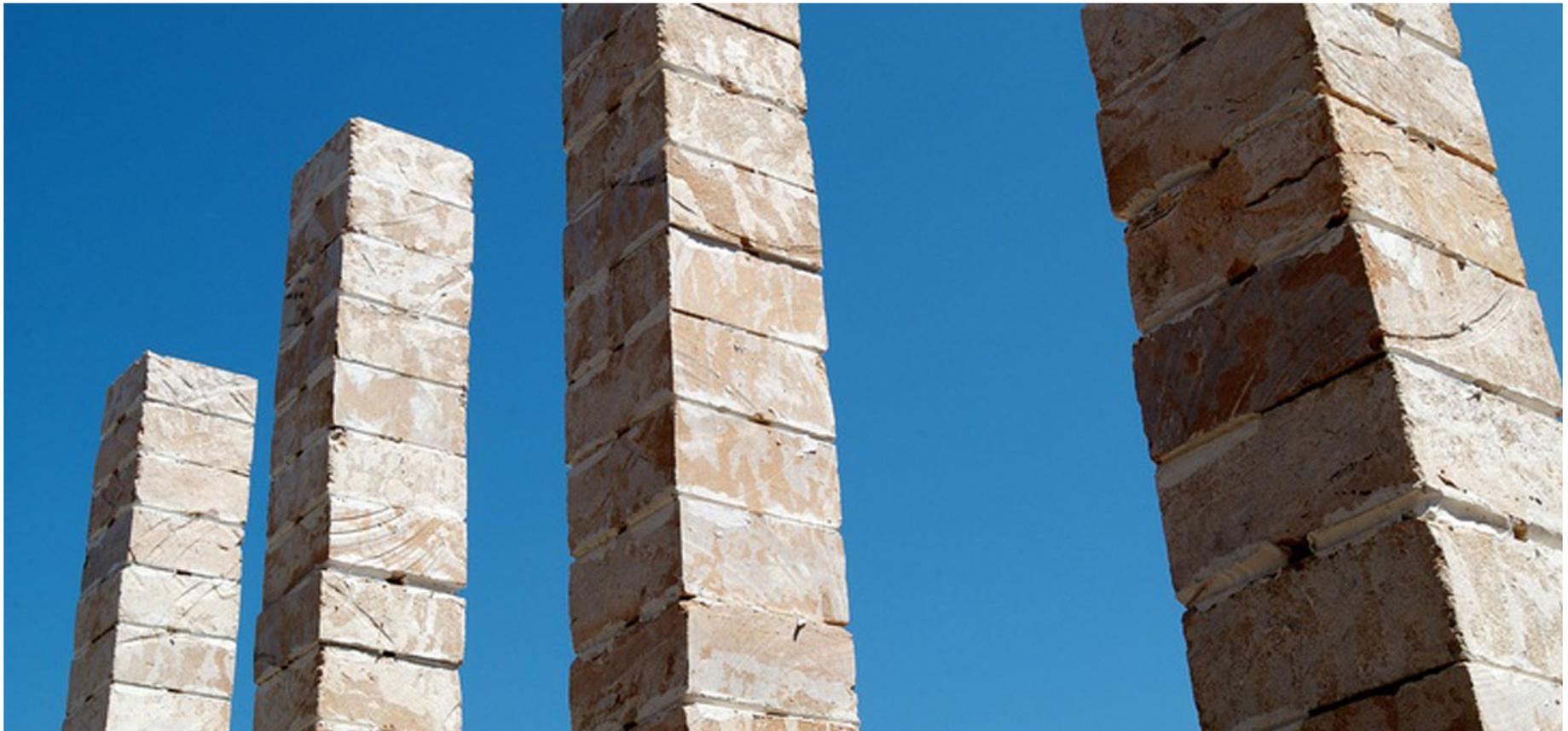


# New Mexico Highlands University

## Classification and Compensation Study Report

December, 2012



# Our Agenda for Today

- 1 Timeline
- 2 The Process
- 3 Market Analysis
- 4 Results and Next Steps

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Timeline

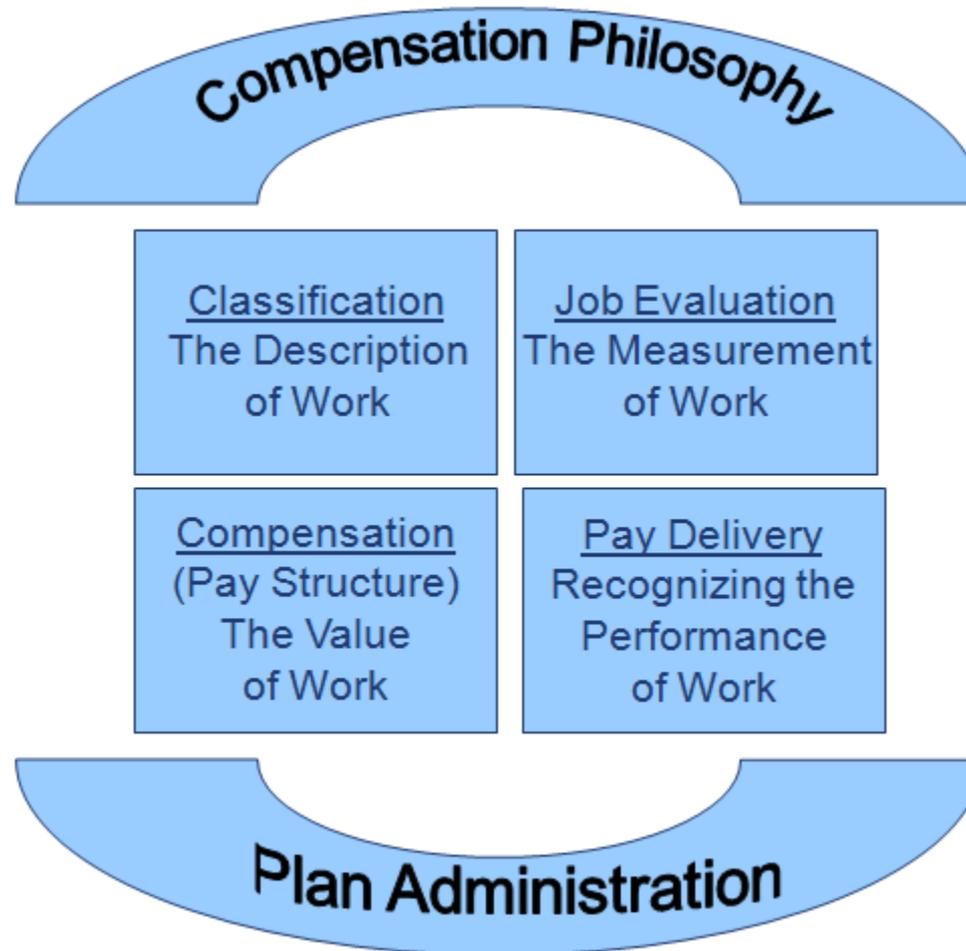
# Timeline

- In May 2012, Hay Group began work with New Mexico Highlands University (“NMHU”) on a job classification and market salary study
  - The goal was to ensure all of the University’s jobs were well understood and the compensation for all employees was competitive
- Classification phase
  - Employees completed update forms and reviewed the content of their jobs with their manager
- Compensation phase
  - Hay Group conducted a custom compensation survey at organizations in the Las Vegas, New Mexico area with which NMHU competes for talent
  - This market data was supplemented with other broad-based compensation surveys
  - Salary ranges were updated to be more consistent with the market
- Today and going forward
  - NMHU will implement the results and recommendations from this study

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The Process

# The Process - Elements of effective reward plans



## The Process *(cont'd)*

- NMHU convened a committee to learn the basics of Hay Group's work measurement methodology
  - Using the Option Forms as inputs, a job leveling “map” was developed to show relative job size relationships
- NMHU's base salaries were compared to the market. The following surveys were used:
  - New Mexico Highlands University 2012 custom compensation survey
  - Hay Group General Market – Professional/Managerial Total Remuneration Report
  - Hay Group Executive Compensation Report
  - Hay Group Local Area Pay Survey
  - CUPA Mid-Level Administrative & Professional Compensation Survey
  - CUPA Administrative Compensation Survey
    - For both CUPA surveys, comparisons were made to universities of similar operating budget, enrollment numbers, and Carnegie classification

# The Process *(cont'd)*

- Nine organizations in the Las Vegas, New Mexico area were invited to participate in the custom survey
  - Six organizations (shown with an asterisk) contributed data to the survey:
    - City of Las Vegas\*
    - State of New Mexico\*
    - San Miguel County
    - Luna Community College\*
    - East Las Vegas Schools
    - West Las Vegas Schools\*
    - United World College\*
    - Alta Vista Regional Hospital
    - Las Vegas Medical Center\*

## The Process *(cont'd)*

- Positions were matched to databases by both job scope and evaluated “reference level” from the Map (reflecting the organization’s size and accountabilities for each position)
  - The employee sample that supports the market analysis comprises 117 NMHU incumbents (31% of total employees) in 18 positions
- All survey data was updated by an annual aging factor of 3%, and adjusted for the Las Vegas, New Mexico area
- A salary structure and new pay ranges were developed using the market data and guided by NMHU’s compensation philosophy

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Market Analysis

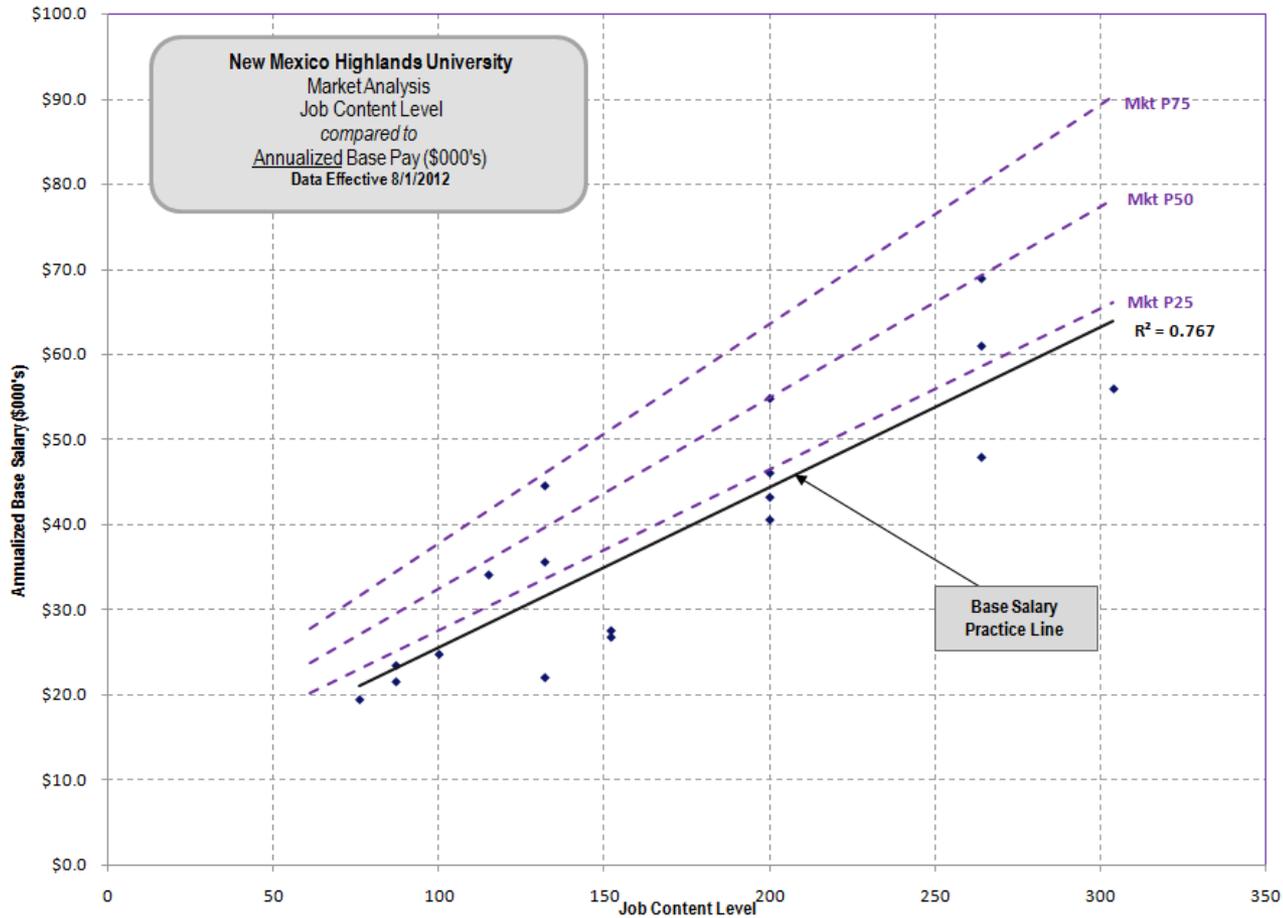
# Market Analysis

- The diagnostic scattergram on the following page shows current NMHU base salary, and market P25, P50 (median), and P75 base salary, plotted against job content levels
- This graph is designed to highlight internal pay practices and compared to the market relative to NMHU's *existing* value structure
  - Each data point on the graph represents a benchmark job incumbent's pay
  - The “Practice” trend line is the line of best fit through the data points and represents the relationship between job size and pay
  - The Market data indicators highlight where incumbents are positioned relative to market practice
    - P25 is the 25<sup>th</sup> Percentile (75% of the data is above this point, and 25% below)
    - P50 is the 50<sup>th</sup> Percentile (50% of the data is above this point, and 50% is below)
    - P75 is the 75<sup>th</sup> Percentile (25% of the data is above this point, and 75% is below)

## Findings

- Compared to the market data, almost all of the 18 benchmark positions fall below the P50 (median) trend line

# Market Analysis (cont'd)



Note: The NMHU Base Salary Practice line was developed using the benchmark jobs only.

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Results and Next Steps

# Results and Next Steps

- A base salary structure, updated ranges, and salary grade assignments were developed for NMHU employees
  - The salary grade assignments were reviewed and finalized by NMHU
- The salary structure was informed by the market compensation data (content level, not title) and designed using best-practice methods
  - The “midpoint” of each grade is designed to track the competitive market consensus values (P50)
    - Consistent with NMHU’s compensation philosophy
  - A generally smooth percent progression from grade to grade (“vertical”) and consistent range “widths” support good compensation management principles

# Salary Structure

## Recommended salary structure

- The table to the right shows the measured content levels at NMHU, and the recommended range of pay for each level
- The salary structure was developed using a combination of consensus market data, and best practice in salary structure design methods
- There is some overlap compared to NMHU's current grades, and some new grades have been added

Grade	Recommended Salary Structure			Midpoint Progression	Range Width
	Minimum	Midpoint	Maximum		
23	\$136.0	\$170.0	\$204.0	19.7%	50.0%
22	\$113.6	\$142.0	\$170.4	16.4%	50.0%
21	\$97.6	\$122.0	\$146.4	16.2%	50.0%
20	\$84.0	\$105.0	\$126.0	16.7%	50.0%
19	\$72.0	\$90.0	\$108.0	14.6%	50.0%
18	\$62.8	\$78.5	\$94.2	13.8%	50.0%
17	\$55.2	\$69.0	\$82.8	13.1%	50.0%
16	\$48.8	\$61.0	\$73.2	13.0%	50.0%
15	\$43.2	\$54.0	\$64.8	14.9%	50.0%
14	\$37.6	\$47.0	\$56.4	14.6%	50.0%
13	\$32.8	\$41.0	\$49.2	12.3%	50.0%
12	\$29.2	\$36.5	\$43.8	14.1%	50.0%
11	\$25.6	\$32.0	\$38.4	14.3%	50.0%
10	\$22.4	\$28.0	\$33.6	12.0%	50.0%
9	\$20.0	\$25.0	\$30.0	8.7%	50.0%
8	\$18.4	\$23.0	\$27.6	-	50.0%

# NMHU's Investment

## Findings

- There are currently 116 incumbents falling below minimum and 17 incumbents above maximum of their range
- Below minimum to minimum: Total cost of moving the 116 incumbents below the minimum of their recommended grade range up to the minimum is \$352,062
  - This is equivalent to 2.8% of payroll
- Below midpoint to midpoint: Total cost of moving 128 incumbents below the midpoint (but above minimum) of their recommended grade range up to the midpoint is \$1,986,201
  - This is equivalent to 15.82% of payroll

**Dr. James Fries**  
**President**  
**New Mexico Highlands University**

## NMHU's Investment *(cont'd)*

### Employees Below Minimum

- Will be adjusted to the minimum of the grade
- An additional 1% increase will be added
- Any employee below a 4% increase based on the above, will receive the amount necessary to ensure a minimum of a 4% increase

### Employees Above Minimum and Below Median

- Will receive a 3% increase

### Employees Above Median

- Will receive a 2% increase

### Employees Above Maximum

- Will receive a 1% increase this year

## NMHU's Investment *(cont'd)*

### Employees Hired After January 1, 2012

- If hired below minimum, the salary will be increased to minimum effective *January 1, 2013*
- If hired below the median, the salary will be increased by 3% effective *January 1, 2013*
- If hired above the median, the salary will be increased by 2% effective *January 1, 2013*

# Implementation Process

## *How will I know what my grade is and when will I receive the adjustment?*

1. A “Pay Notification Form” will be delivered to employees prior to December 14, 2012. This document will include the following information:
  - Current salary
  - Adjusted Salary
  - New Salary Grade
  - Computation for Adjustment

## Implementation Process *(cont'd)*

### *When will I receive my adjustment?*

Adjustment payroll checks will be available at noon on December 14, 2012 (effective July 1, 2012)

The payroll dated December 21, 2012 will reflect your new base salary

### *Will my job description be updated? What about my job title?*

Based on the information provided by you and your supervisor regarding changes to your job specification, the Department of Human Resources will update your job description.

Beginning in January, these updates will be sent to your supervisors/managers for final review.

Job titles may also change, however this will not change your salary or pay grade.

# Your Questions

