

Guam Community College

Presentation to Guam Community College

Position Classification / Compensation
& Benefits Study

August 2008

Background Overview

Background Overview

GCC's current position classification and compensation plan is in accordance with : the Hay Methodology (for classified and unclassified positions), as agreed by the Board of Trustees for Academic Administrator positions, and for Faculty, as negotiated with the Board and Faculty Union.

Since their introduction in 1991 the plan(s) have not been adjusted to reflect U.S. national compensation levels relevant to both the industry and economic standards

Background Overview

Responded to an RFP to conduct a Position Classification,
Compensation & Benefits Study in May 2008

Alan Searle

Alan Searle

25 years consulting experience in human resources management

1983 - 1988 : Arthur Young (now Ernst & Young) - man. consult. division

1988 - 1990 : Morgan & Banks - management consulting division

1990 - Present : Alan Searle & Associates Limited

- earlier years considerable contract work with Price Waterhouse (now Pricewaterhouse Coopers) - man. consult.

Alan Searle & Associates Ltd

Alan Searle & Associates Ltd

Provide a range of HR consultancy services to both the public and private sectors

Alan Searle & Associates Ltd

Provide a range of HR consultancy services to both the public and private sectors

Produce international / regional HR benchmark reports

Alan Searle & Associates Ltd

Provide a range of HR consultancy services to both the public and private sectors

Produce international / regional HR benchmark reports

Compensation & benefit reviews completed in Australia, Europe, Asia and the Pacific Region. Locally this includes GPA, GWA and currently GIAA, PAG and GCC

Consolidating Case for Change

Any new Compensation Model must be :

- Internally Equitable
- Externally Competitive
- Process Transparent

Project Overview

Project Overview

Stage 1 : Job Evaluation

Stage 2 : Compensation Structuring

Stage 3 : Implementation

Supp. Projects : Performance Management /
Development of Pay Incentives

Stage 1 : Job Evaluation

Stage 1 : Job Evaluation



Job evaluation is a process that re-examines the internal equity of all positions based on job size

Stage 1 : Job Evaluation



It achieves this by assessing the ‘job size’ of individual positions within an organization using a number of measurement factors

Stage 1 : Job Evaluation



Each factor provides a point value with their sum representing the total “points” value of the job

Stage 1 : Job Evaluation



Note : the title of a given position has no bearing on the eventual compensation and benefits associated with that position

Stage 1 : Job Evaluation



Step 1 : Clarify / validate GCC's organizational structure

(includes projected resource requirements / mission critical positions and ultimately the review of all position descriptions)

Stage 1 : Job Evaluation



Step 2 : Tailor job evaluation criteria
(where required)

Job Evaluation Criteria



- Education
- Experience
- Complexity
- Scope of Work
- Problem Solving
- Supervision Received
- Work Environment
- Physical Demands
- Authority Exercised
- Results of Decisions
- Contacts
- Sup. & Man. Resp.

Stage 1 : Job Evaluation



Step 3 : Classify all positions using the
job evaluation criteria (4 sub-steps)

Stage 1 : Job Evaluation

a) All full-time Administrators and Staff
to complete an updated position description
by August 22nd

Note : electronic form available from HR

Stage 1 : Job Evaluation

- b) Meetings arranged (starting Aug 26th) to introduce the job evaluation criteria. Senior staff to make an initial (draft) assessment of all positions reporting to them

Stage 1 : Job Evaluation

- c) We will also conduct an assessment of all positions using the job evaluation criteria

Stage 1 : Job Evaluation

- d) Consensus on results will be reached through facilitated feedback and discussion

Stage 1 : Job Evaluation



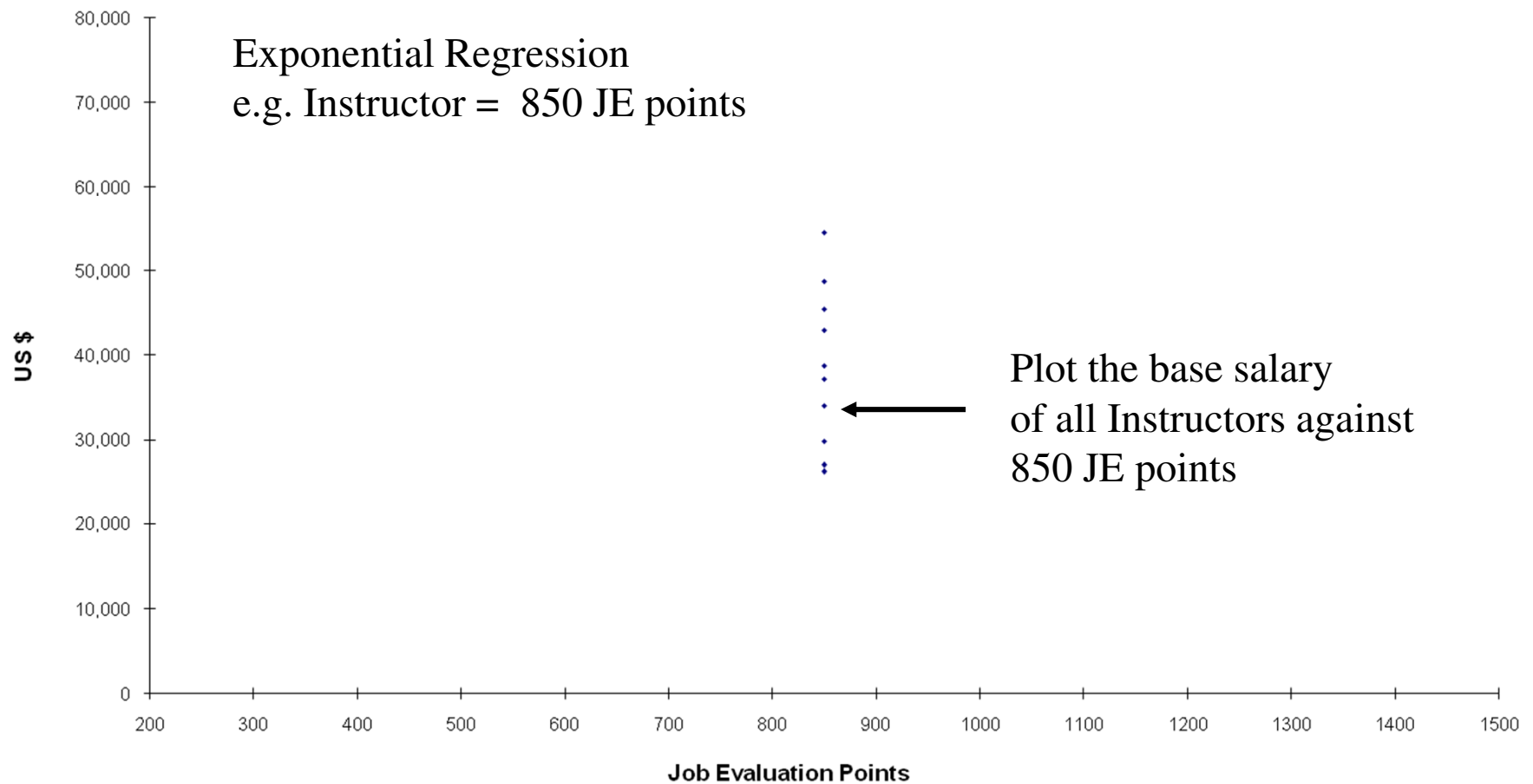
Step 4 : Analyze current remuneration including
benefits / allowances & overtime of all
employees (Base Salary & Total Compensation)

Stage 1 : Job Evaluation

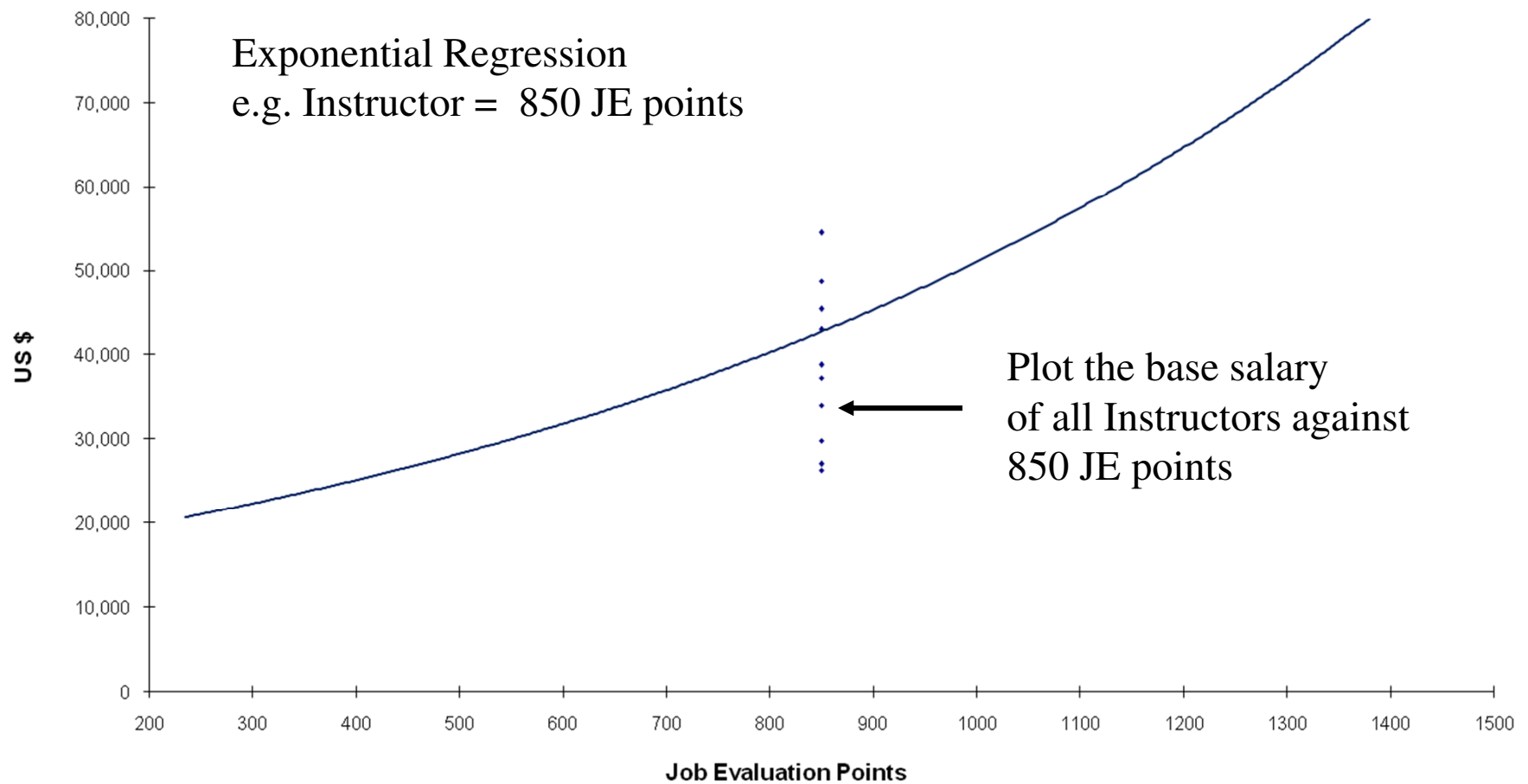
Step 5 : Compute regression analysis (Base Salary)

- GCC (Total)
- GCC (Divisions / Departments)

Regression Analysis

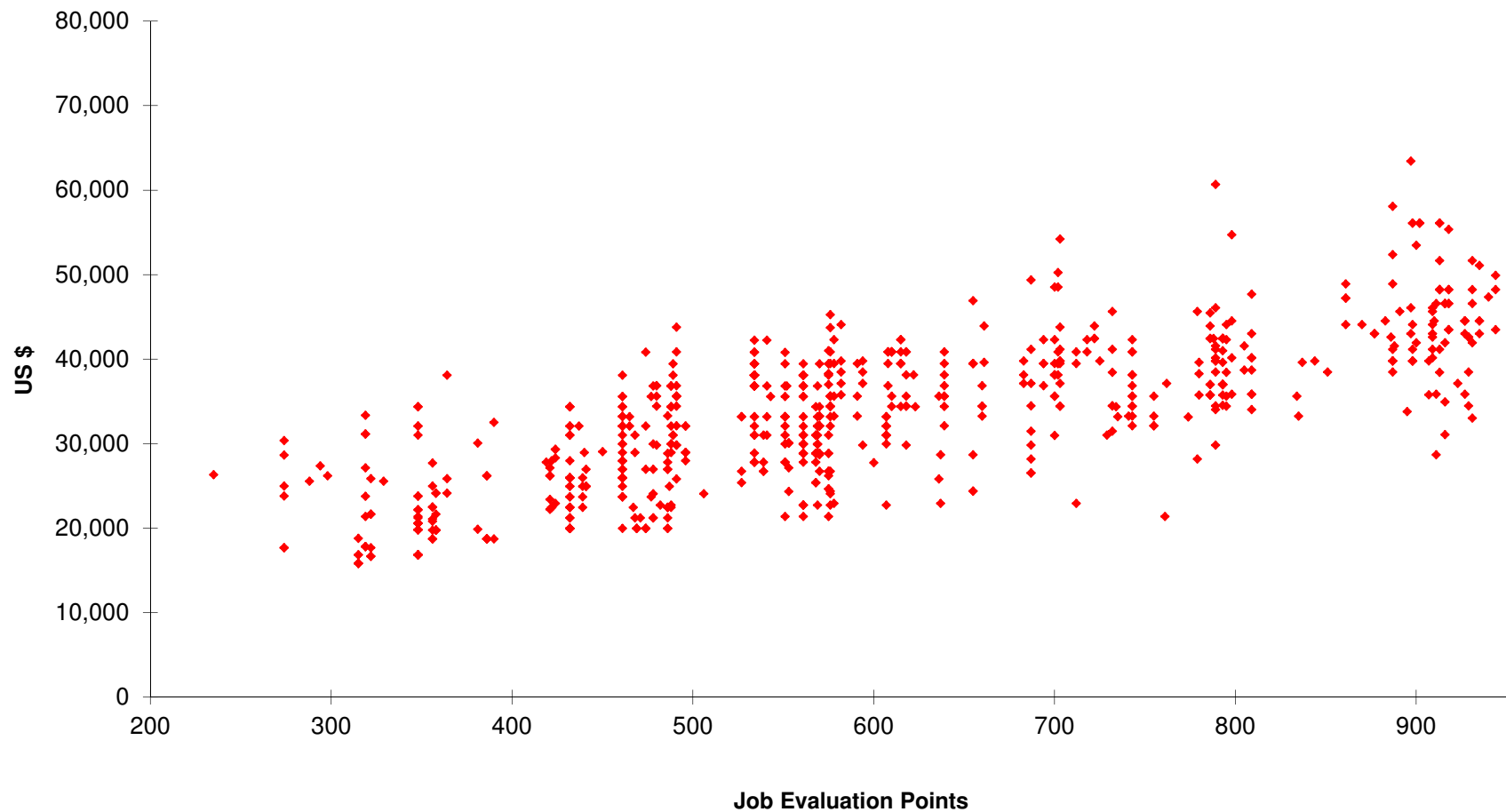


Regression Analysis



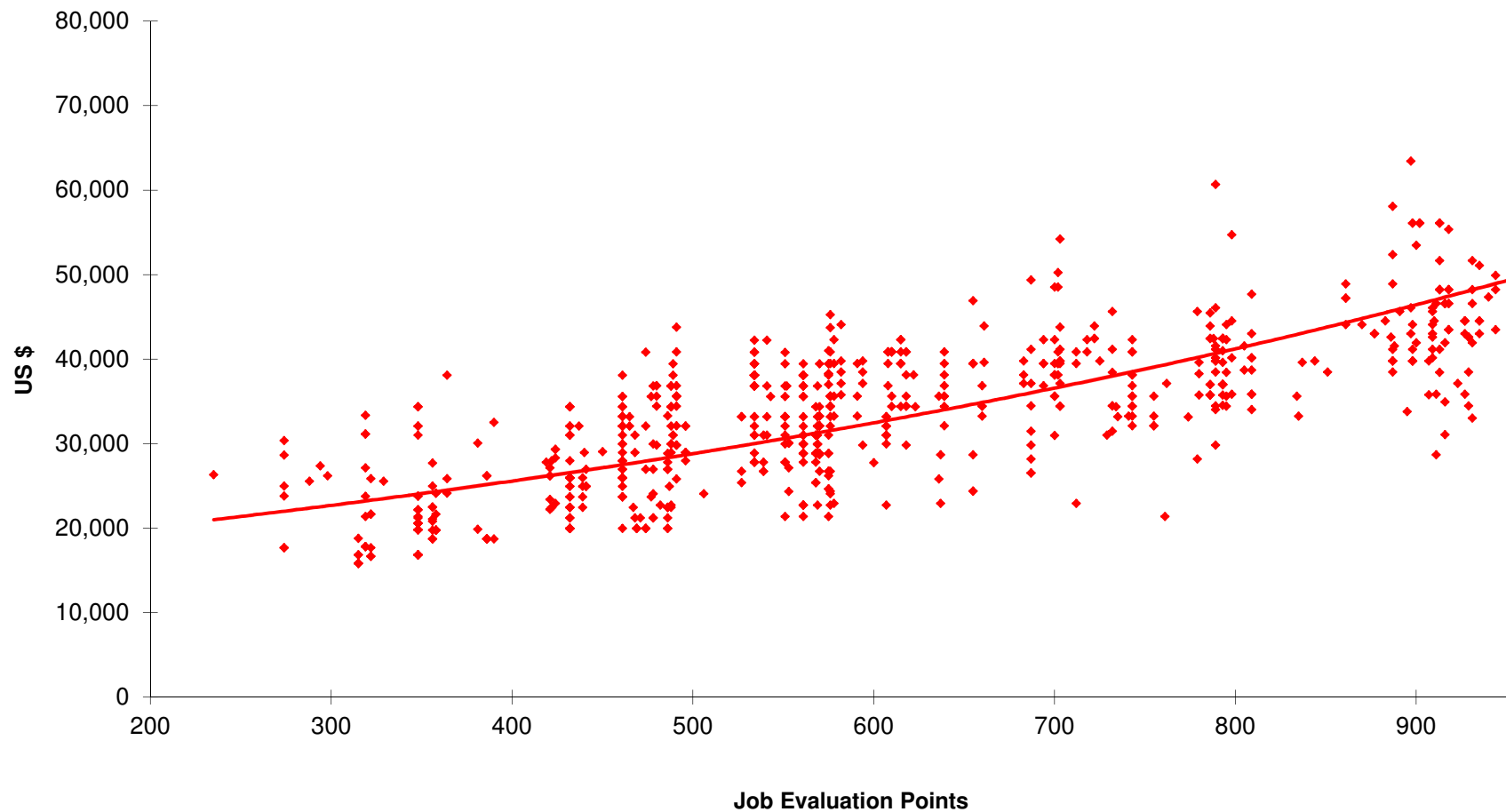
Regression Analysis

Company Regression Analysis



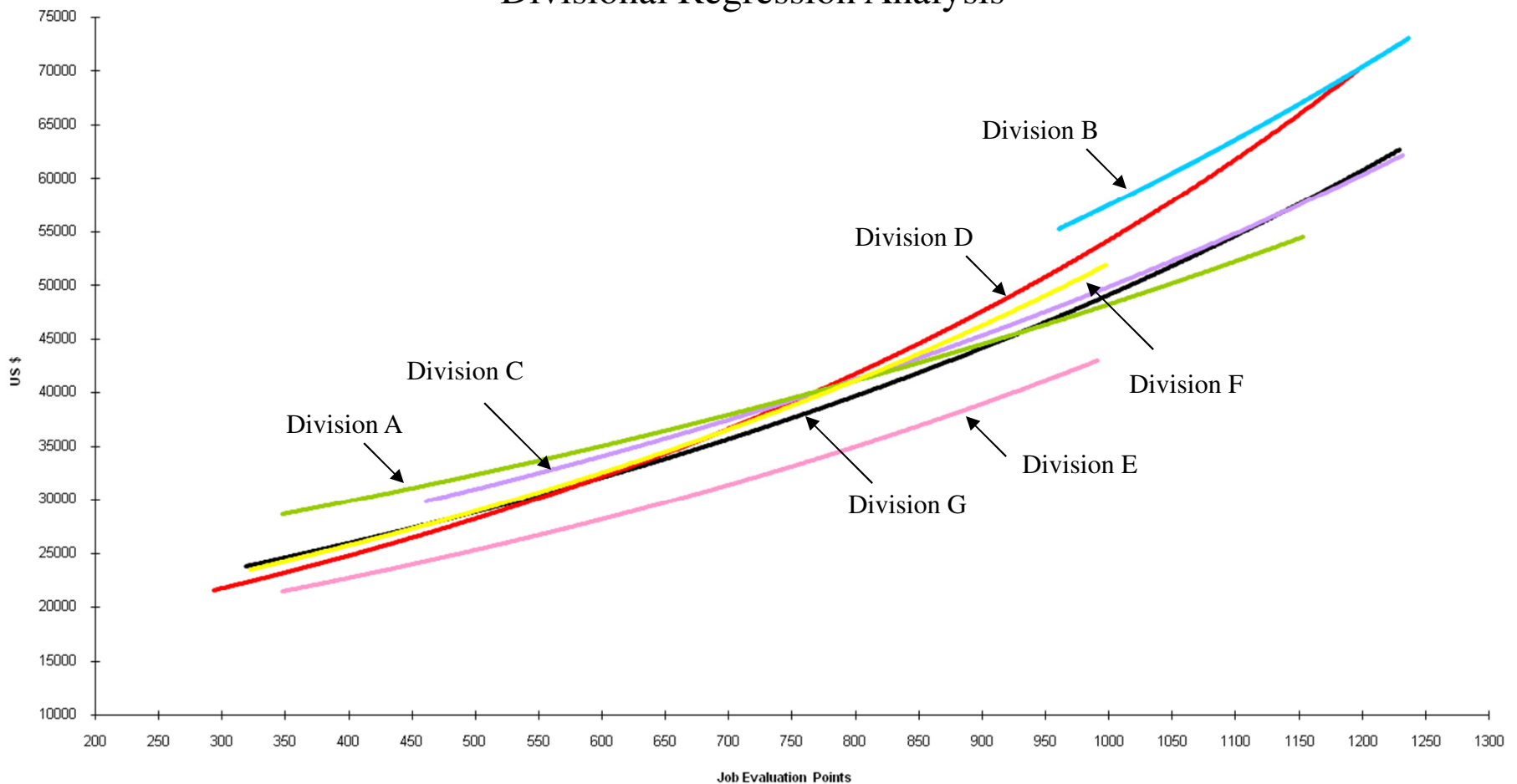
Regression Analysis

Company Regression Analysis



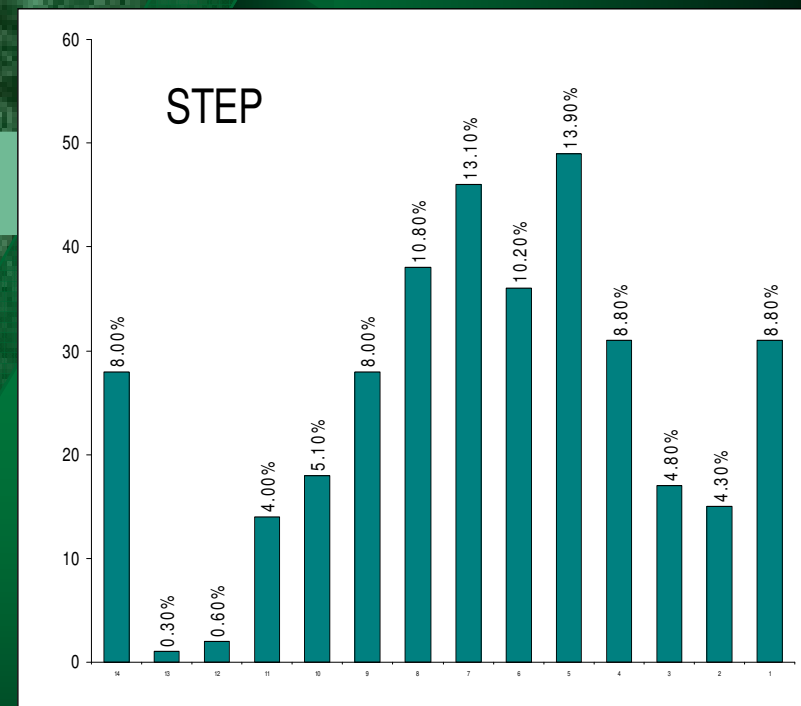
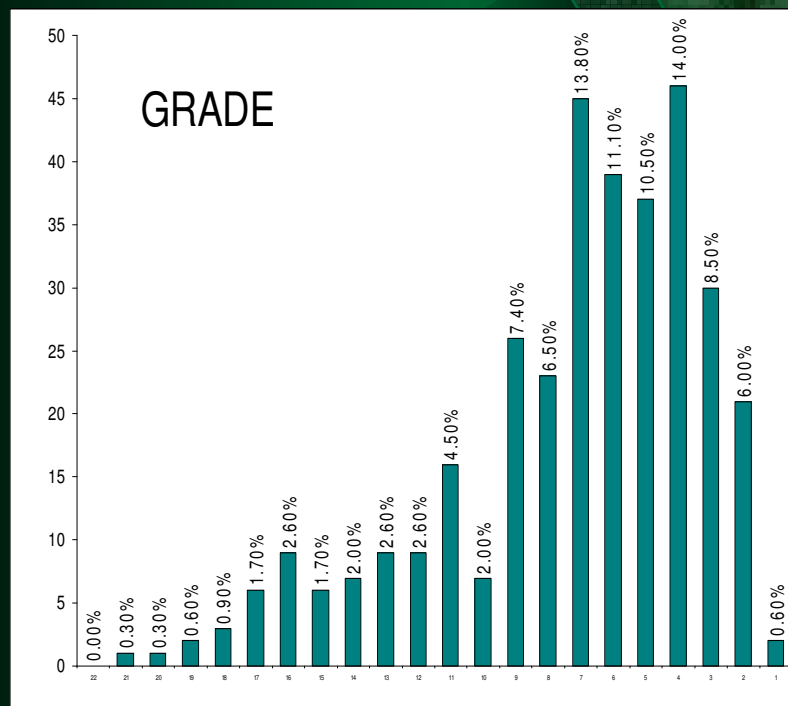
Regression Analysis

Divisional Regression Analysis



Stage 1 : Job Evaluation

Stage 1 : Job Evaluation



Step 6 : Analyze current grade / step structure

Presentation / Feedback

Presentation on results of Stage 1
to Board and management team
of GCC

Stage 2 : Compensation Structuring

Stage 2 : Compensation Structuring



Obtaining and analyzing market
remuneration data

Market Data - Sources

Market Data - Sources

1. U.S. Industry Reports e.g. CUPA
2. U.S. Bureau of Labor Statistics
3. U.S. Department of Labor
4. U.S. Department of Education

Market Data - Sources

5. U.S. Web Based Compensation Data

6. U.S. Education Recruitment Companies

e.g. www.insidehighered.com

e.g. www.higheredjobs.com

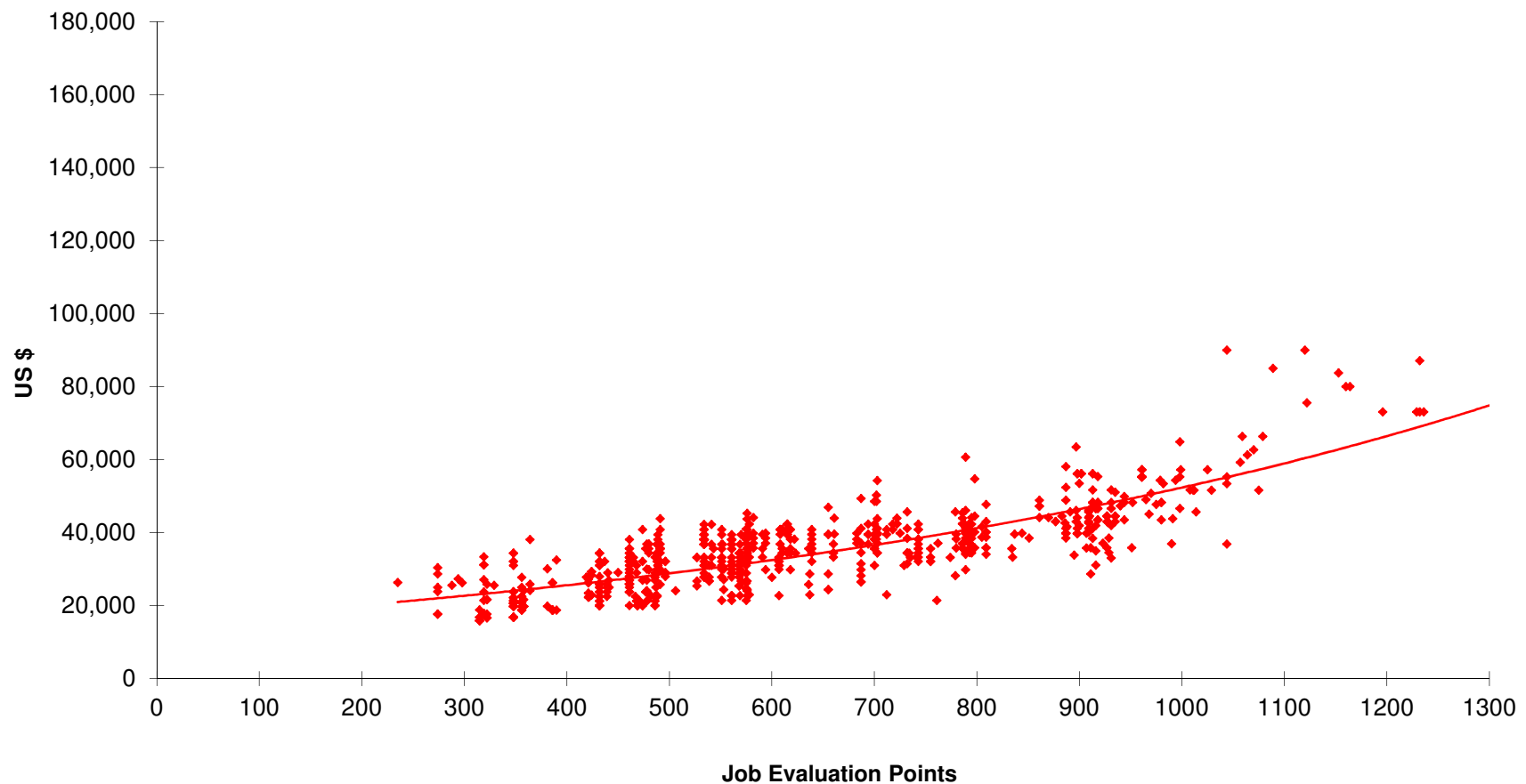
7. U.S. Community College Websites

Stage 2 : Compensation Structuring

Step 7 : Compute market regression analysis
(Base Salary)

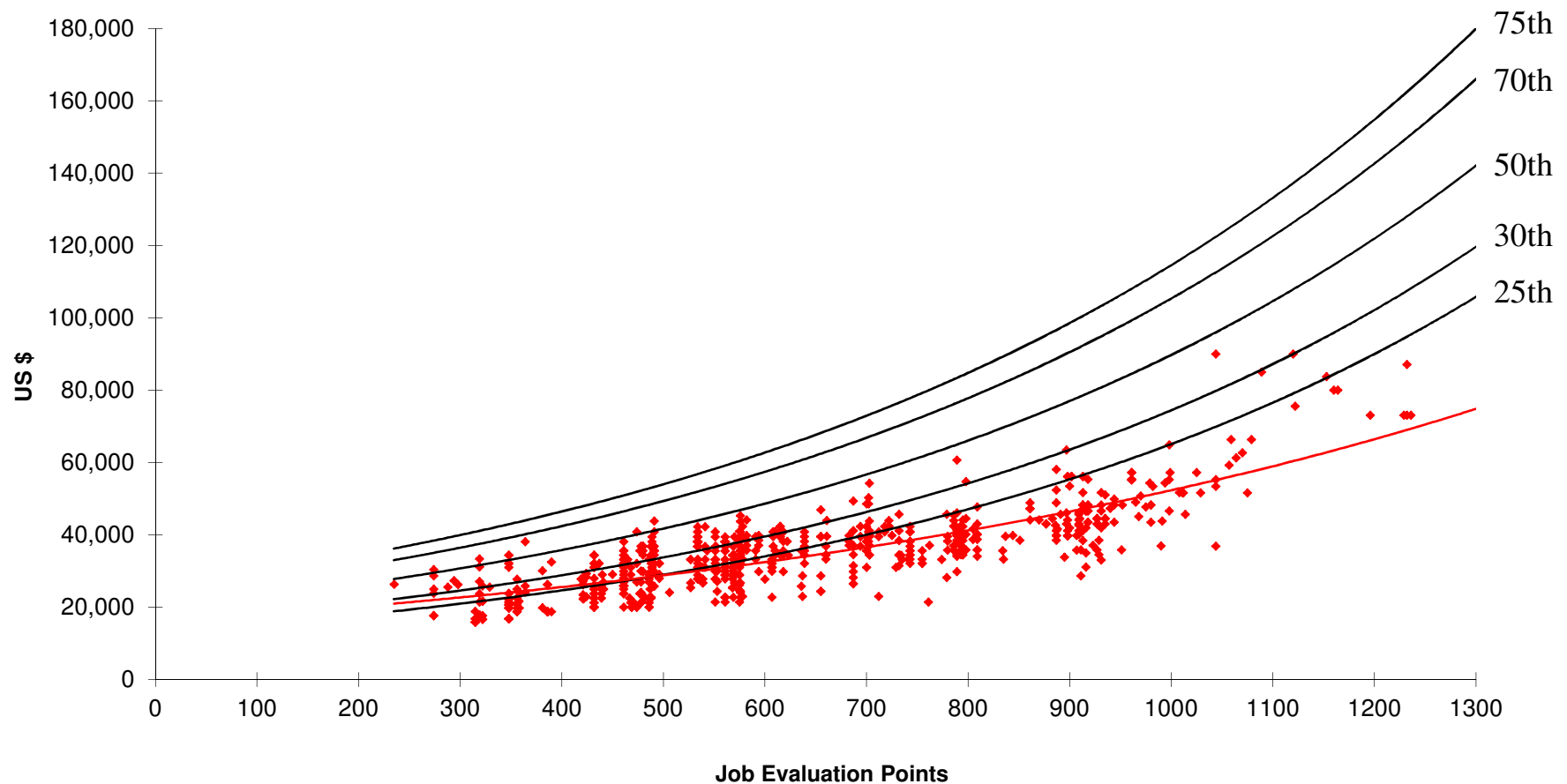
Regression Analysis

Company versus Market Regression Analysis



Regression Analysis

Company versus Market Regression Analysis



Stage 2 : Compensation Structuring

In developing a revised compensation model :

KEY QUESTION

Where in the market “should we / can we” position
GCC to be more externally competitive
i.e. in attracting and retaining employees ?

Stage 2 : Compensation Structuring

In terms of terminology :

The migration of GCC's base pay line to a higher market percentile is referred to "as making a structural adjustment"

Stage 2 : Compensation Structuring

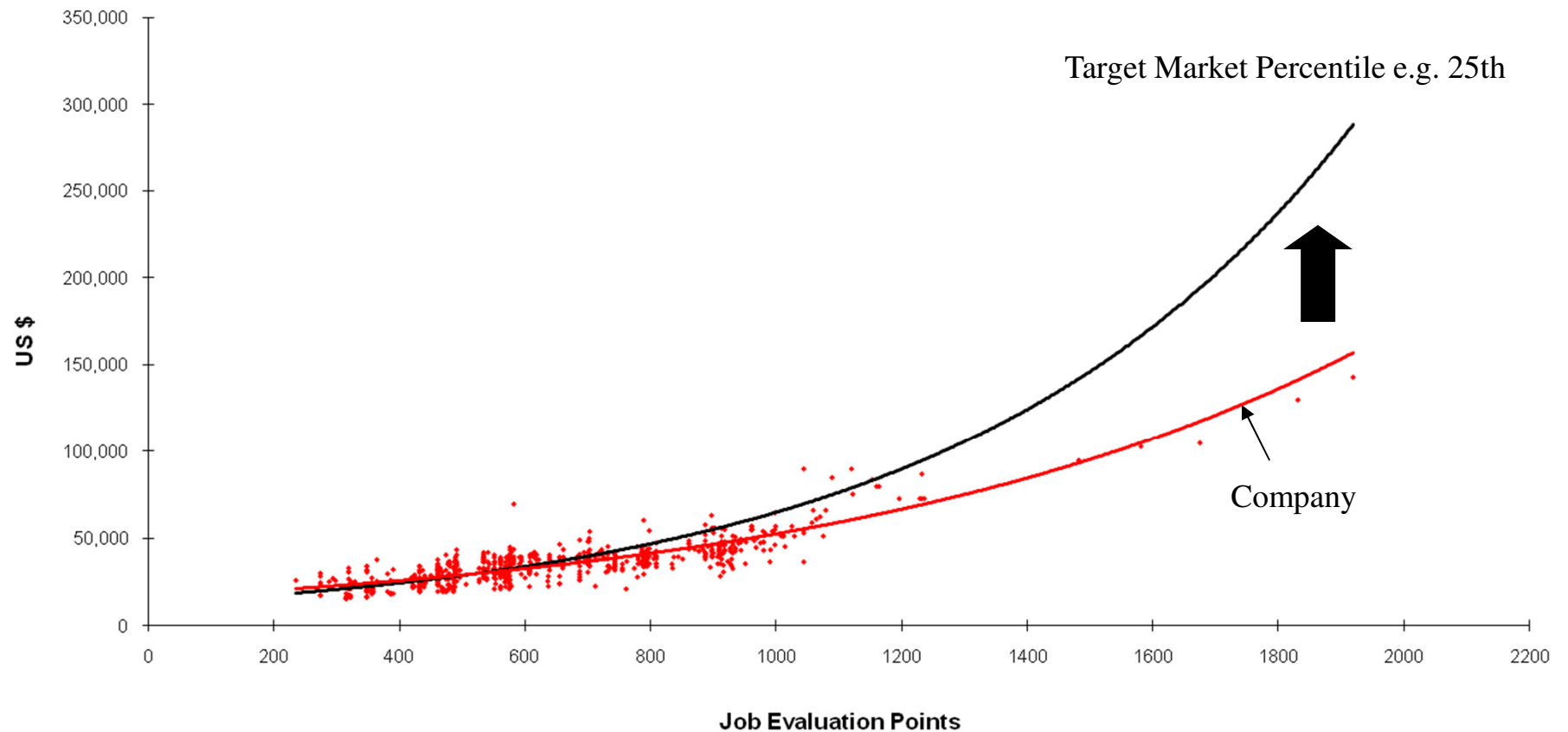
In terms of terminology :

The migration of GCC's base pay line to a higher market percentile is referred to "as making a structural adjustment"

We would determine the cost in making a structural adjustment to different market percentiles

Compensation Structuring

Base Salary Structural Adjustment



Stage 2 : Compensation Structuring

From an on-going maintenance perspective it will also be important for GCC to keep abreast of industry trends as it impacts the College's ability to attract and retain employees

“red circle areas”

New Zealand Herald

Fears over poaching of live-line staff

ENERGY: Big wages lure Kiwis overseas, sparking power-blackout worries

by Mathew Dearnaley

They are the linemen for the county — but the trouble is it's County Kilkenny where many top Kiwi electricity workers have gone searching the wires for another overload.

Irish power companies bankrolled by the European Union to expand their electricity networks have dented our ranks of highly trained live-line workers by enticing more than 50 to the Emerald Isle this year.

They have been offered about \$50 an hour — more than double what most can earn here — and generous travel and accommodation allowances.

One contracting company alone, Northpower, has lost 11 workers to Ireland and faces heavy costs to train replacements in the death-

an industry push to delicense line workers may undermine recruitment efforts.

Union organiser Maurice Davis points to an industry training organisation report that says New Zealand already has a deficit of 120 electricity supply industry technical staff and may end up more than 300 short as early as next year.

This compares with a shortage of 1500 in Australia, a traditional poacher of New Zealand skills where line workers are paid 40 per cent more, but may prove conservative as the Waikato University report was prepared before the exodus of workers to Ireland.

"It's pretty stark," said Mr Davis. "But they [network operators] are going to have to put their hands in their pockets, or people will keep voting with their feet."

"It's a security issue because if



» Live wires

- Fears of a global poaching war for live-line workers.
- United States' increasingly troubled electricity network driving demand for workers from overseas.
- Australia short of 1500 workers.

Maui Electric Company



Lineman II (Journeyman) - \$33 / hr

“a generous \$15,000 signing bonus”

Stage 2 : Compensation Structuring

Step 8 : Analyze market data
re : benefits and allowances and compare
with GCC

Presentation / Feedback

Consolidate the “case for change”
and present the results of Stage 2
to the Board and management
of GCC

Stage 3 : Implementation

Stage 3 : Implementation

Having agreed on a preferred market percentile this step introduces (subject to final approval) a process to convert all employees into the new model

Stage 3 : Implementation

New Pay Schedule Options



Pay Schedule Options

[illegible]

Pay Schedule Options

Every position will have a :
grade, step and sub-step

e.g. Employee X : Instructor
Grade I, Step 6, Sub-step B

Pay Schedule Options

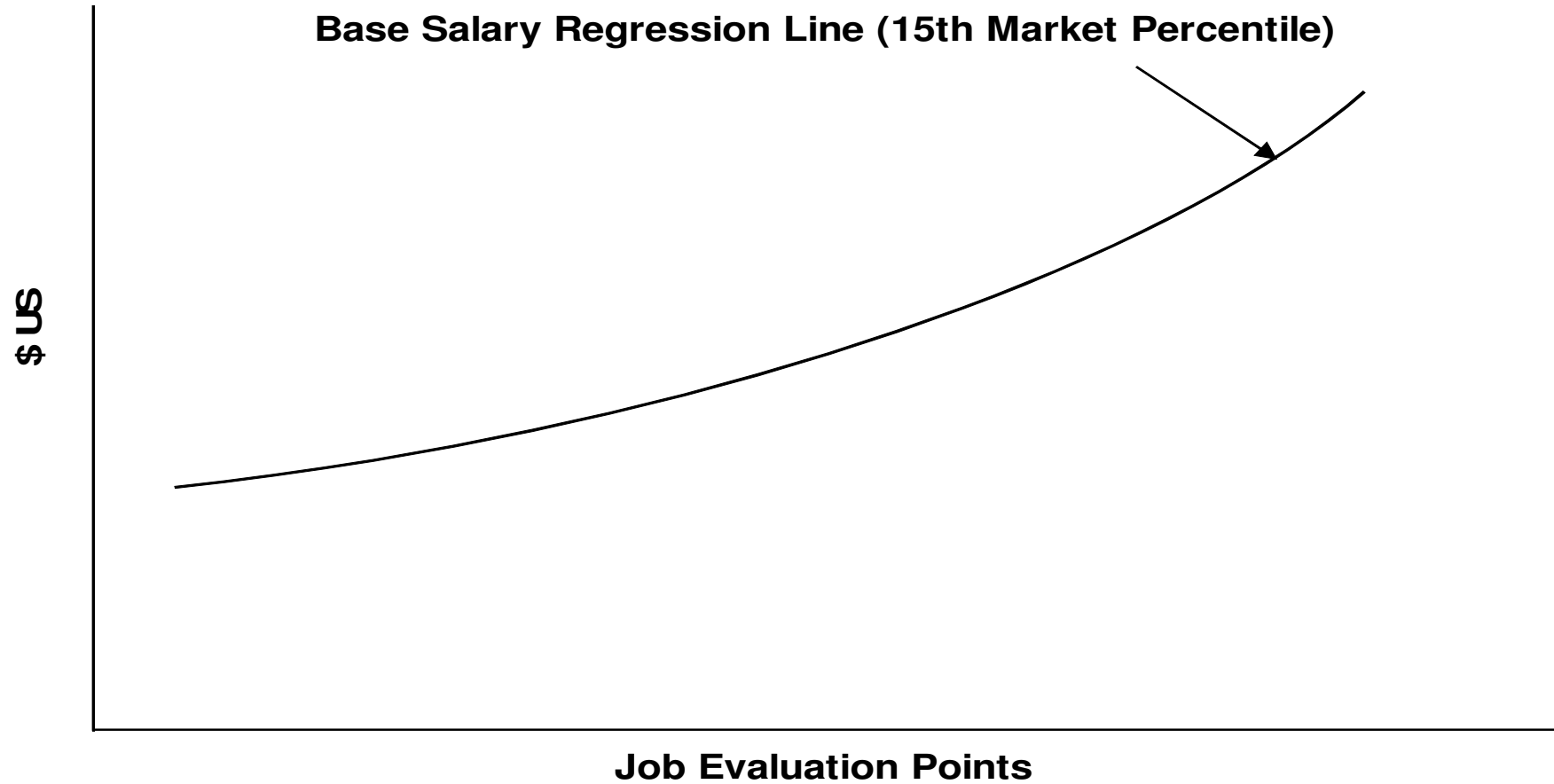
Note : Salary Grades and Steps from the old
Schedule will not equal Salary Grades
and Steps from the New Schedule

Conversion Process

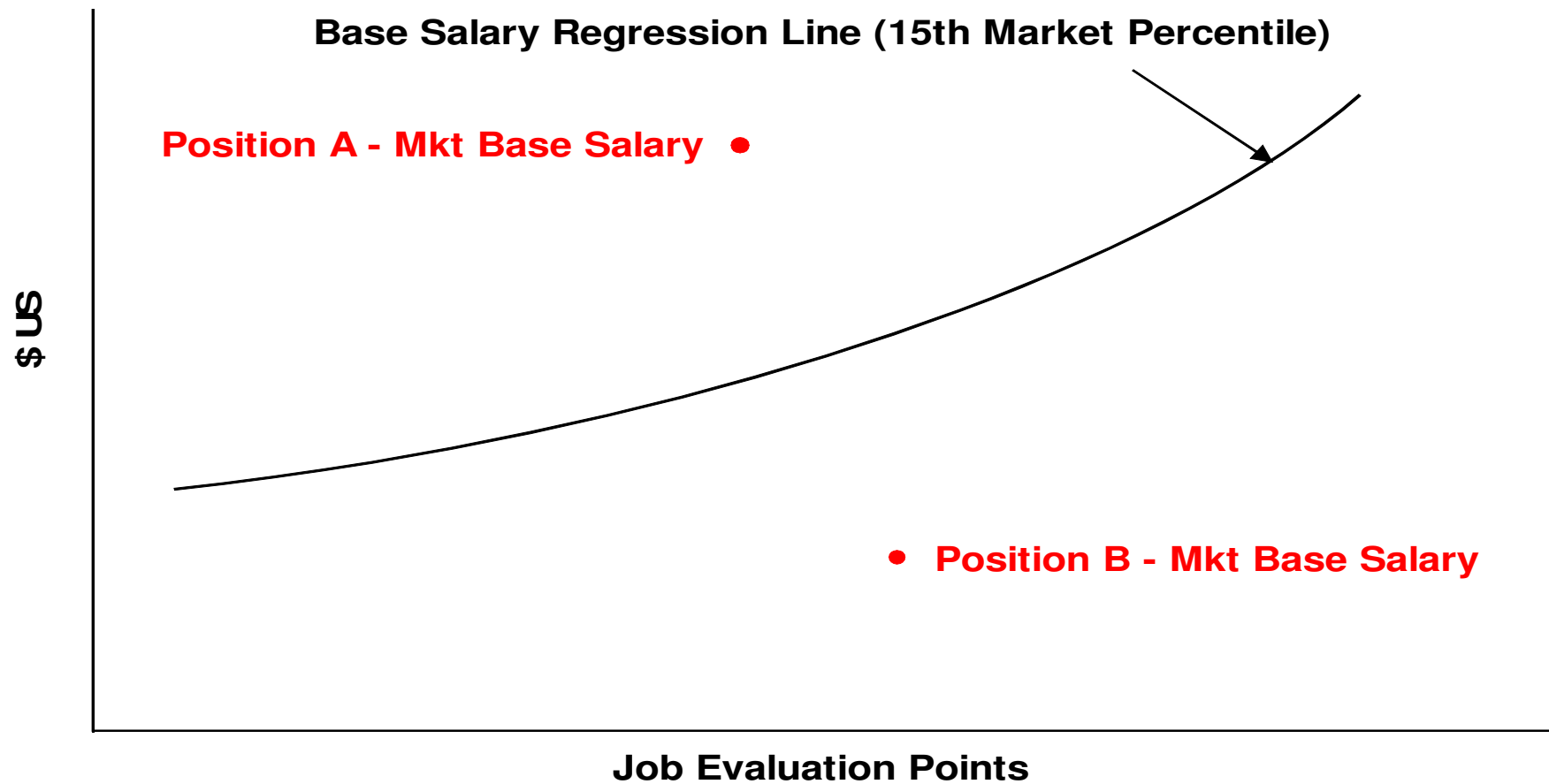
Let's look at the mechanics of this process



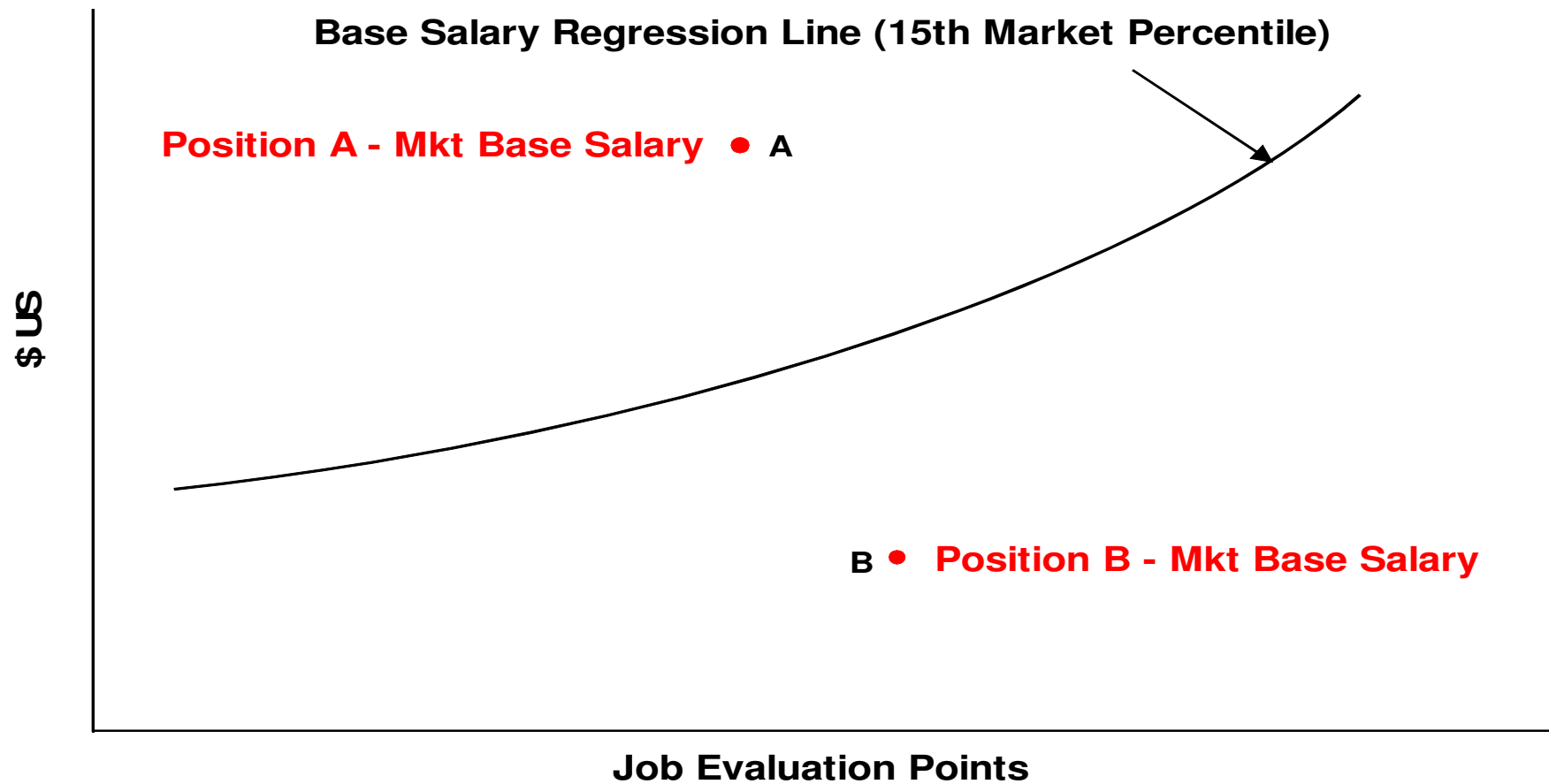
Conversion Process



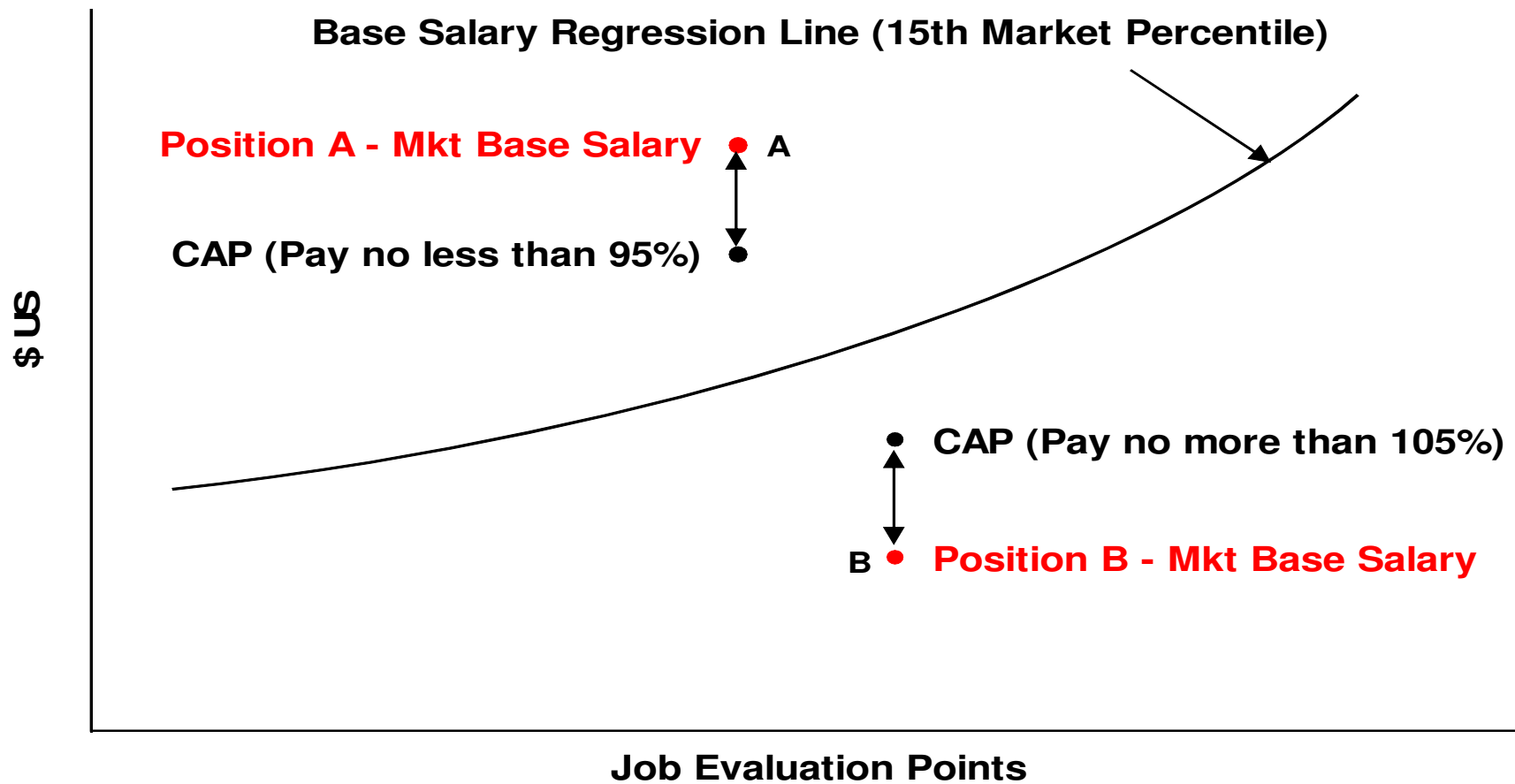
Conversion Process



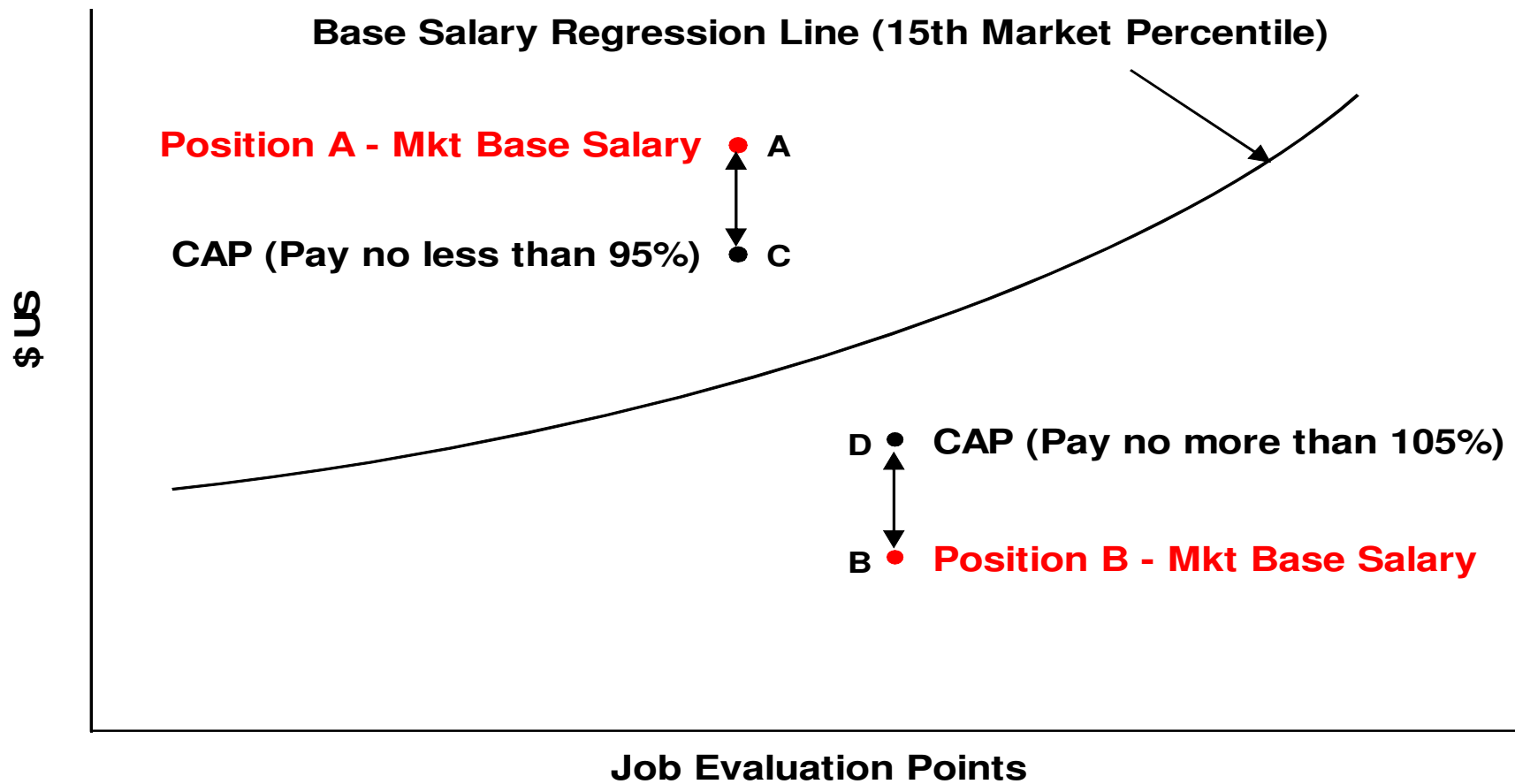
Conversion Process



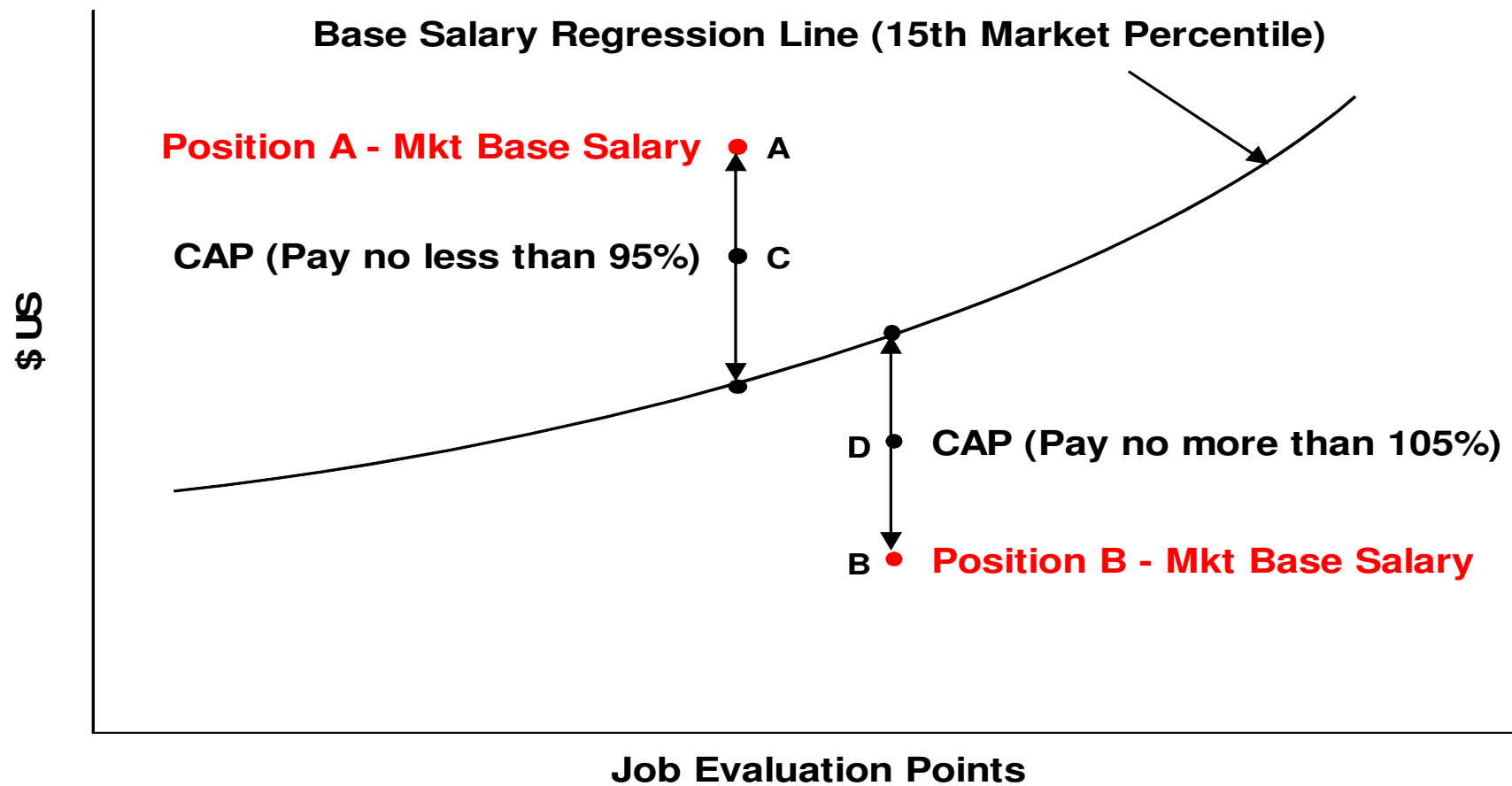
Conversion Process



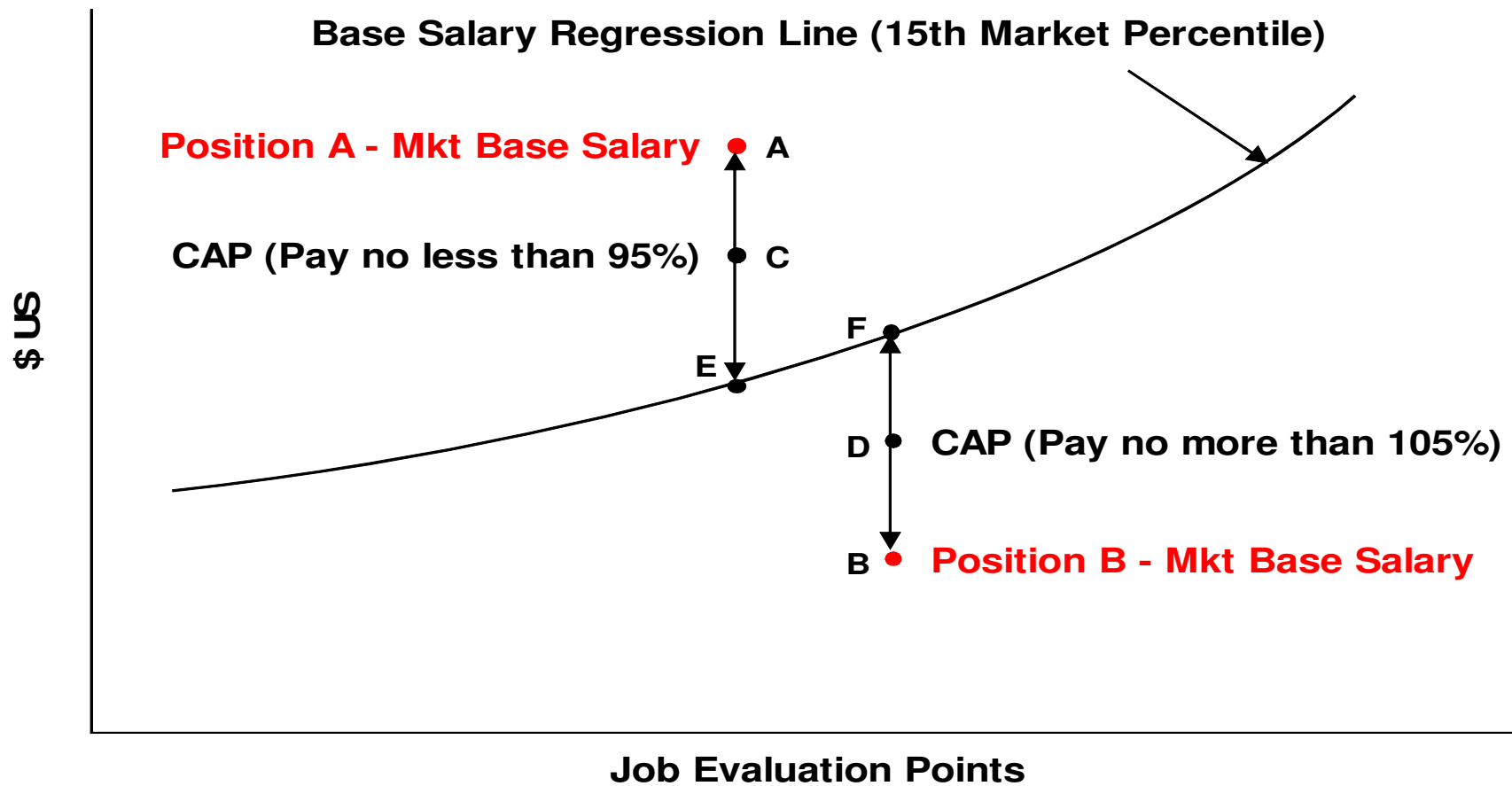
Conversion Process



Conversion Process



Conversion Process

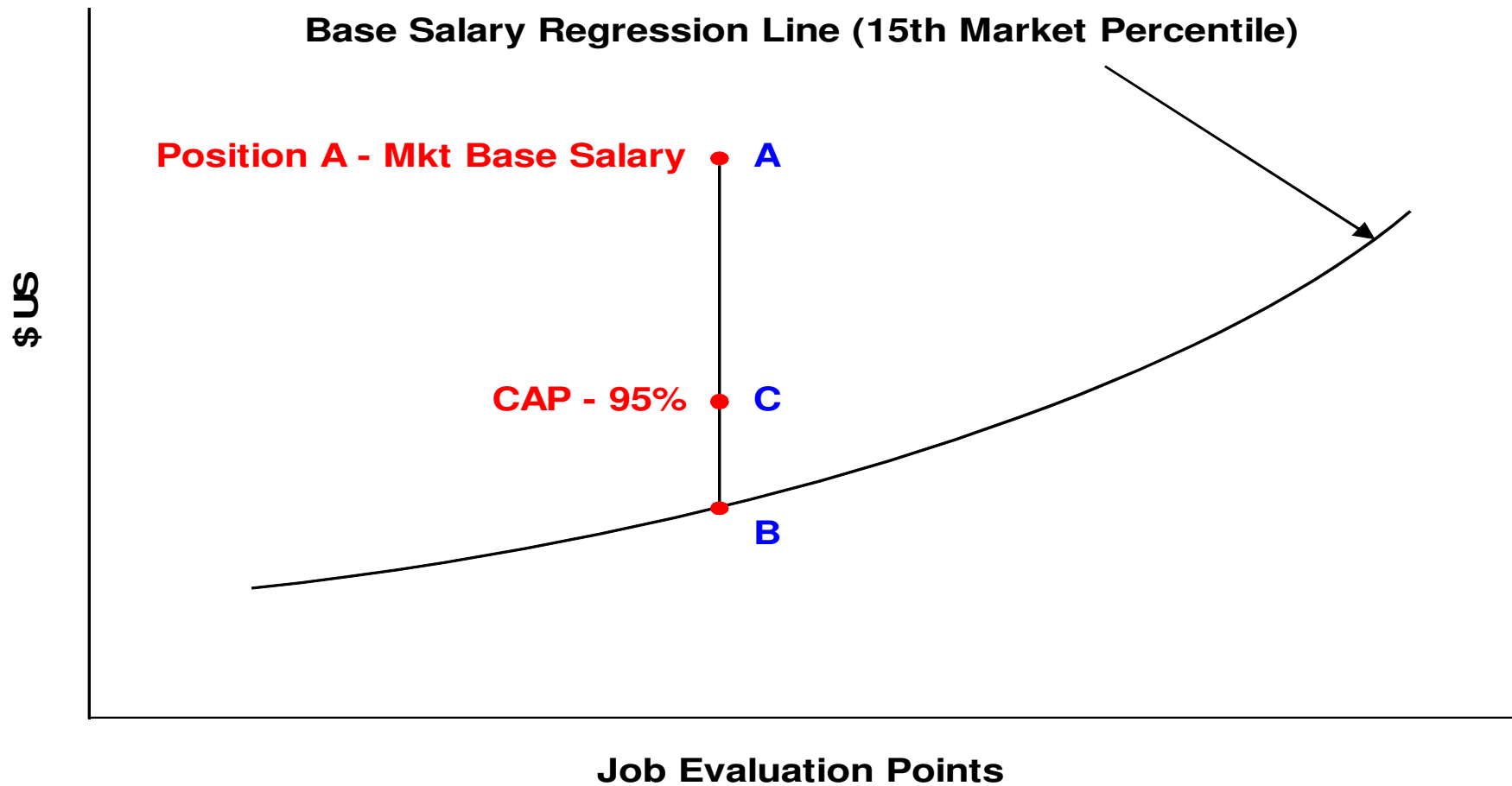


Conversion Process

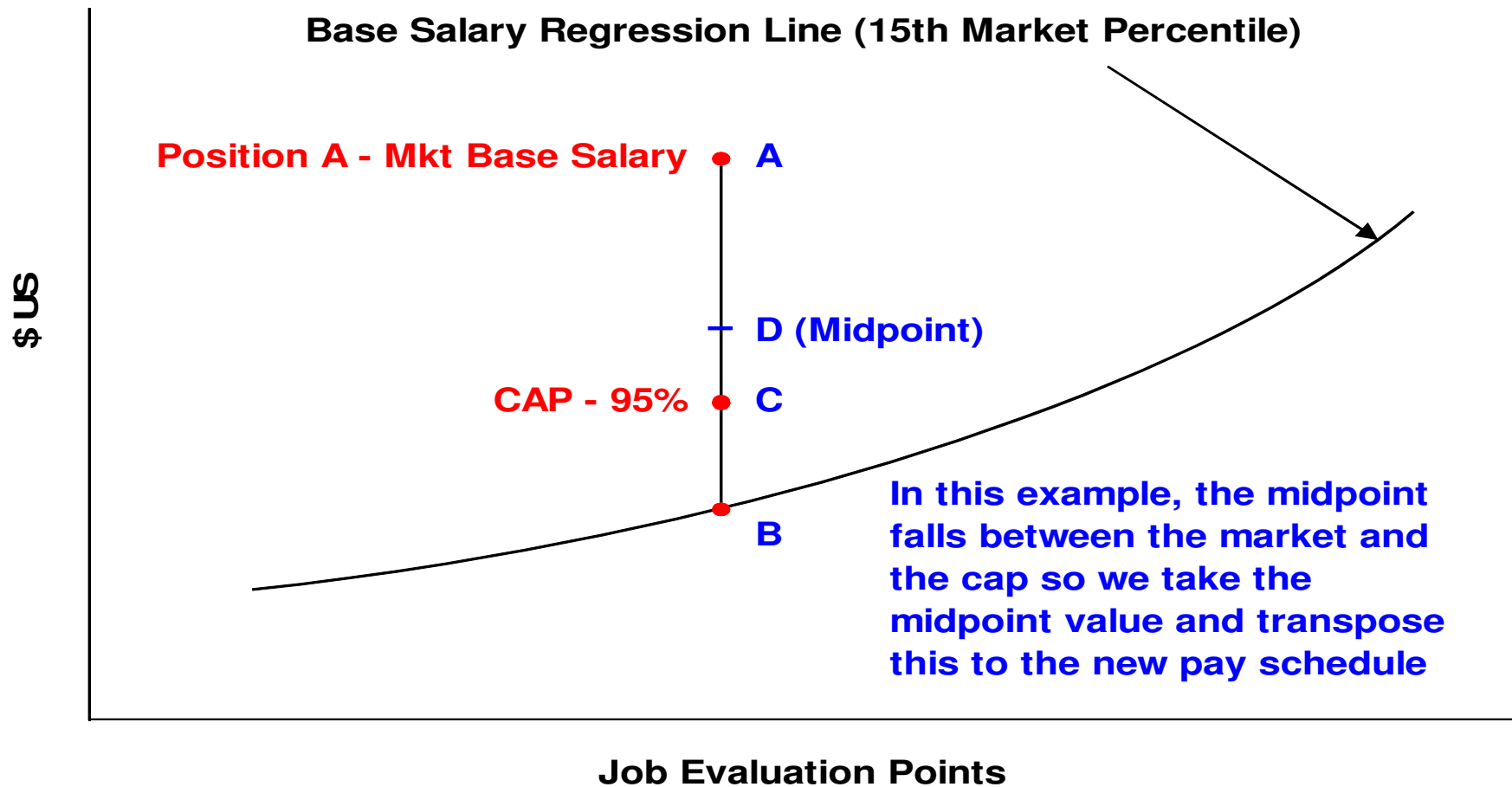
The next step is to identify a base salary value (for each position) that we can then transpose to the new pay schedule in order to identify the upper end of an implementation range

We do this by initially identifying the midpoint

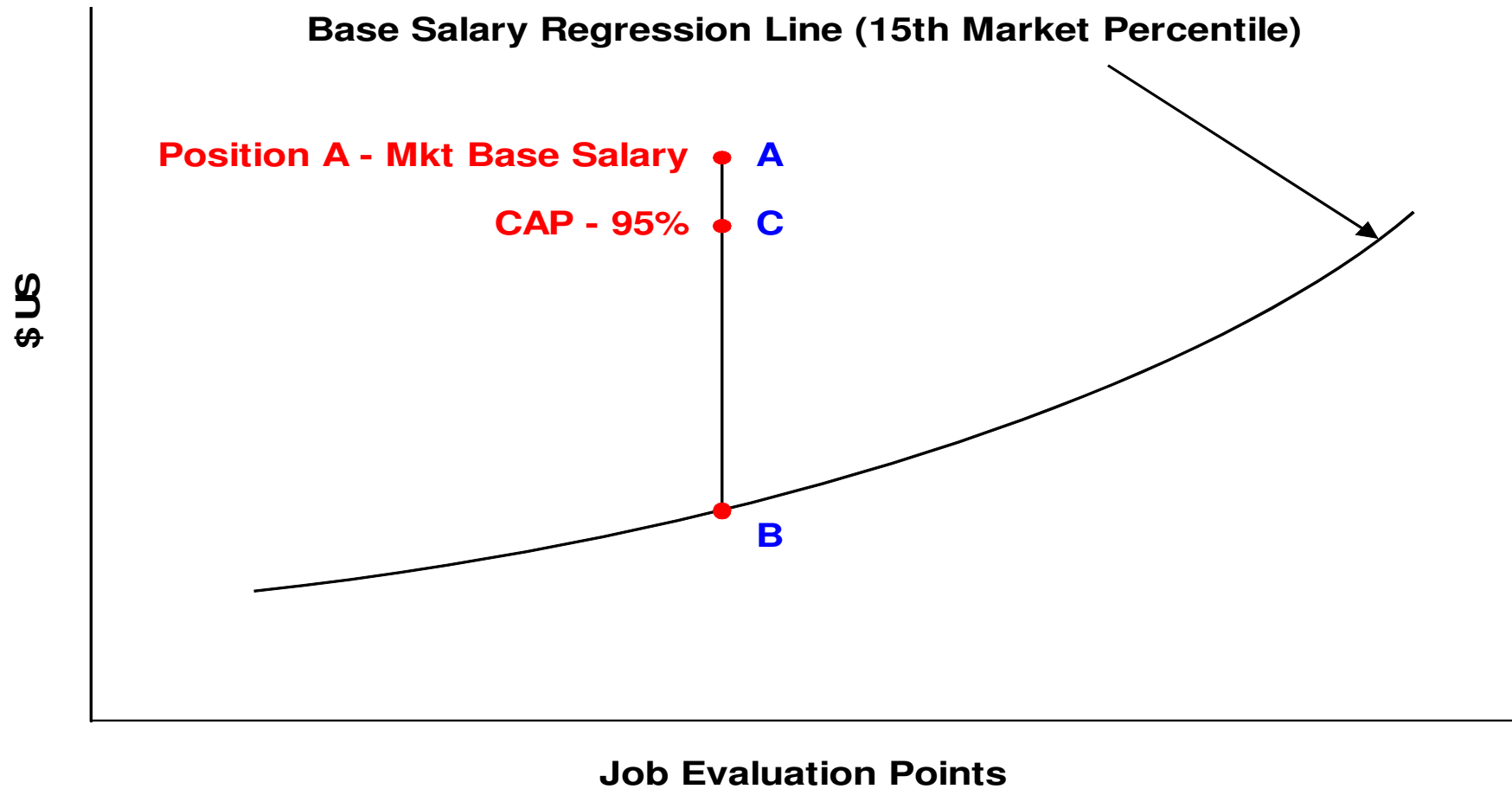
Conversion Process



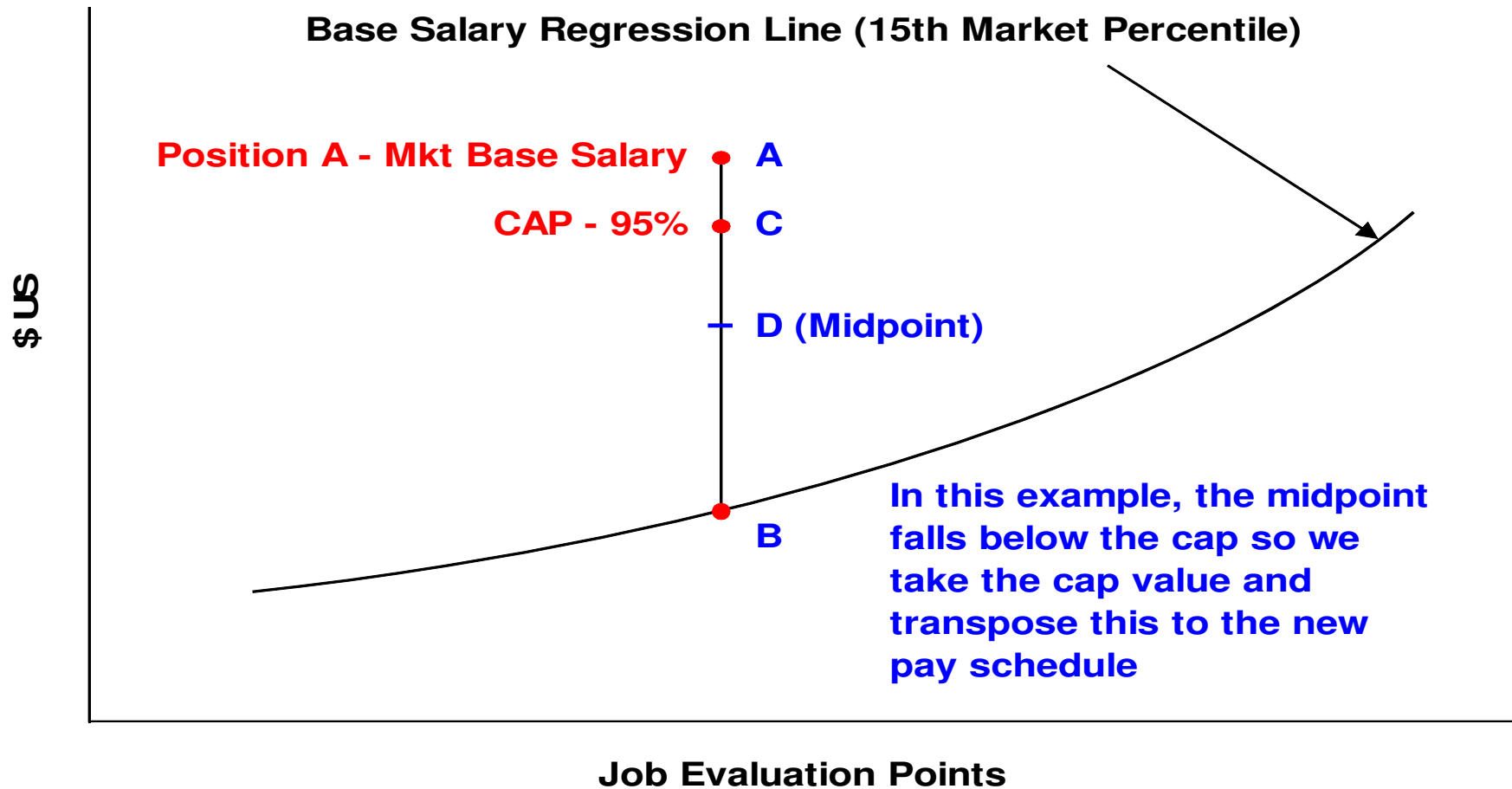
Conversion Process



Conversion Process



Conversion Process

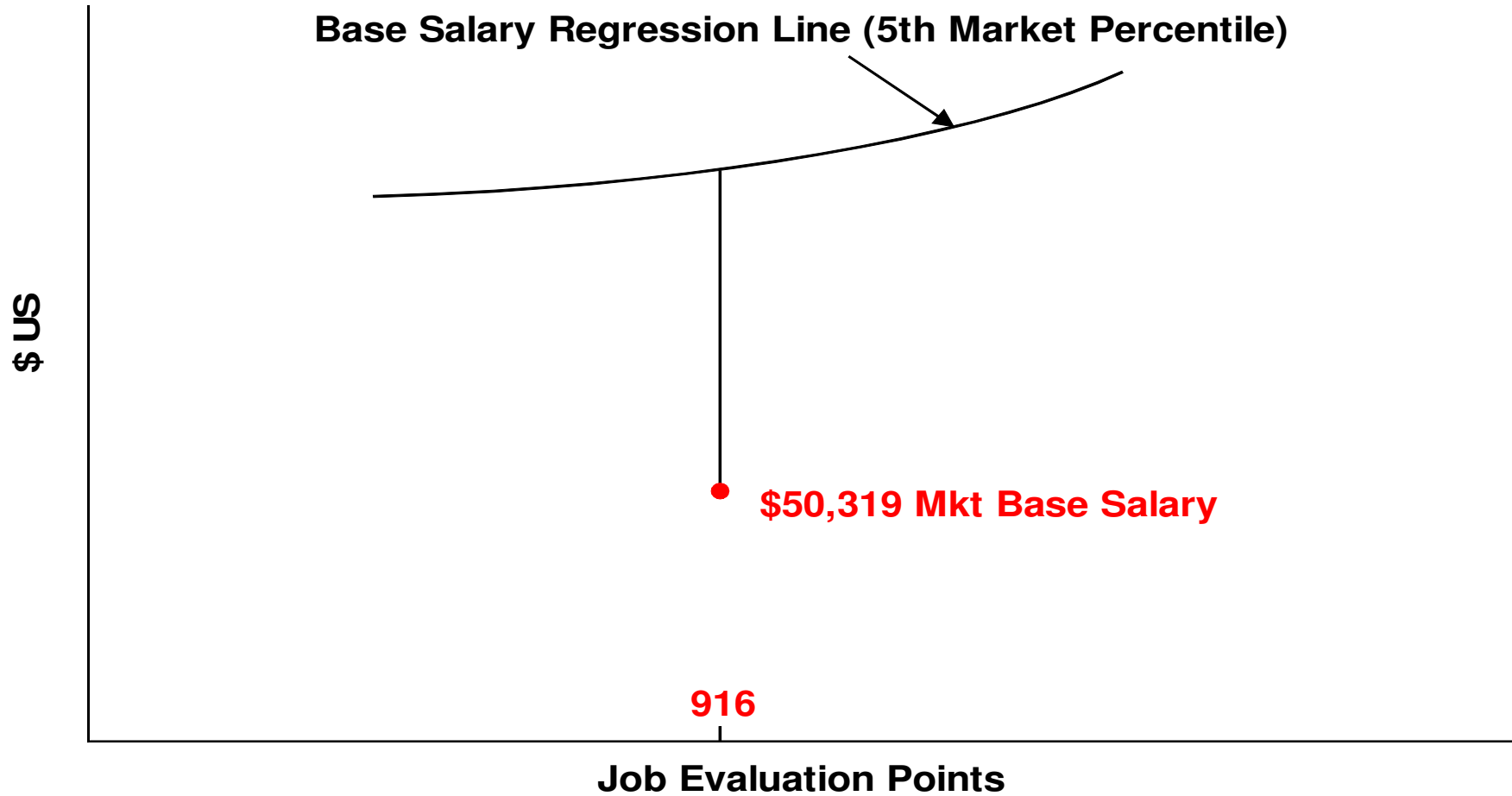


Conversion Process Example

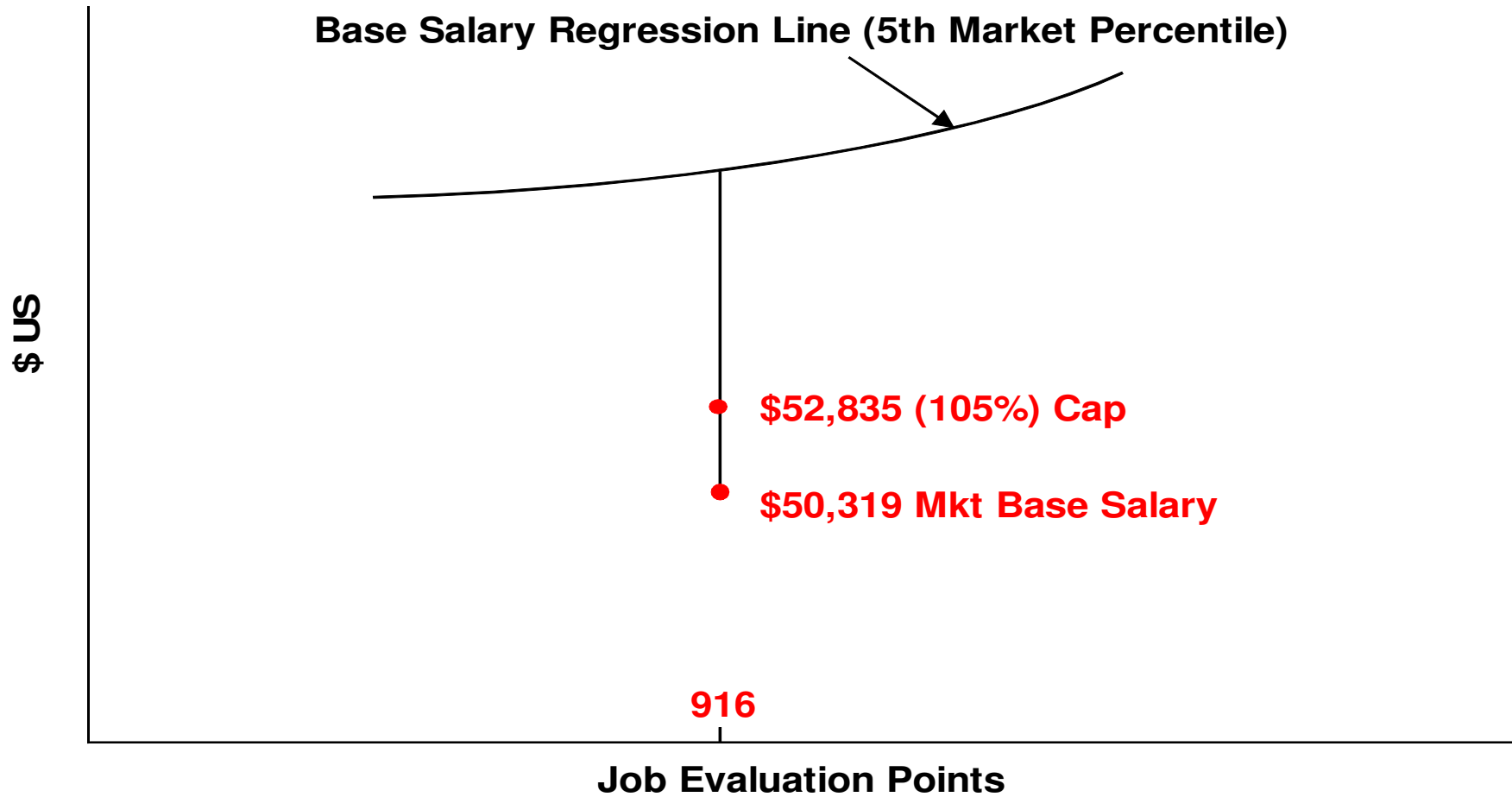


e.g : Accountant III

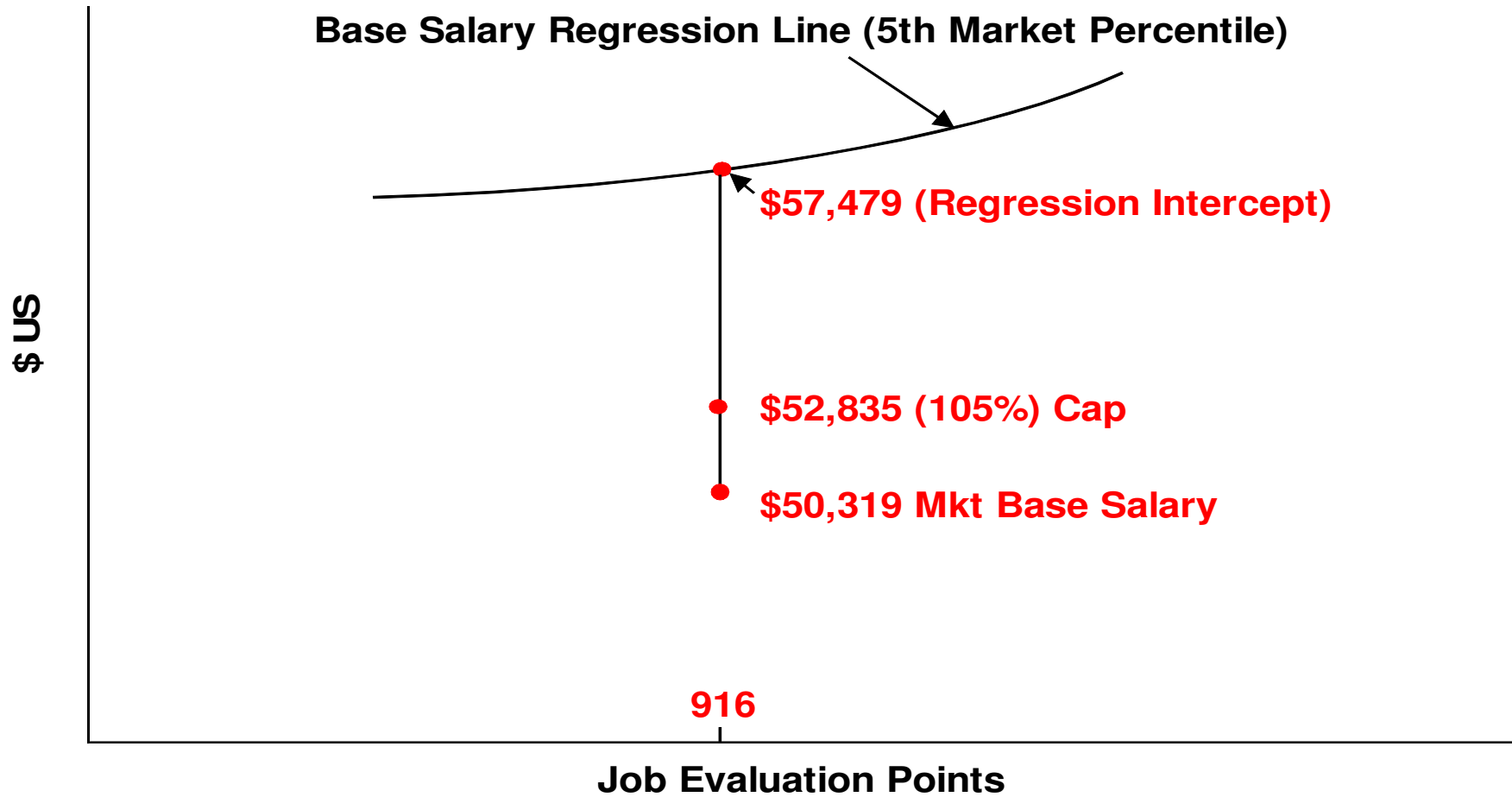
e.g : Accountant III



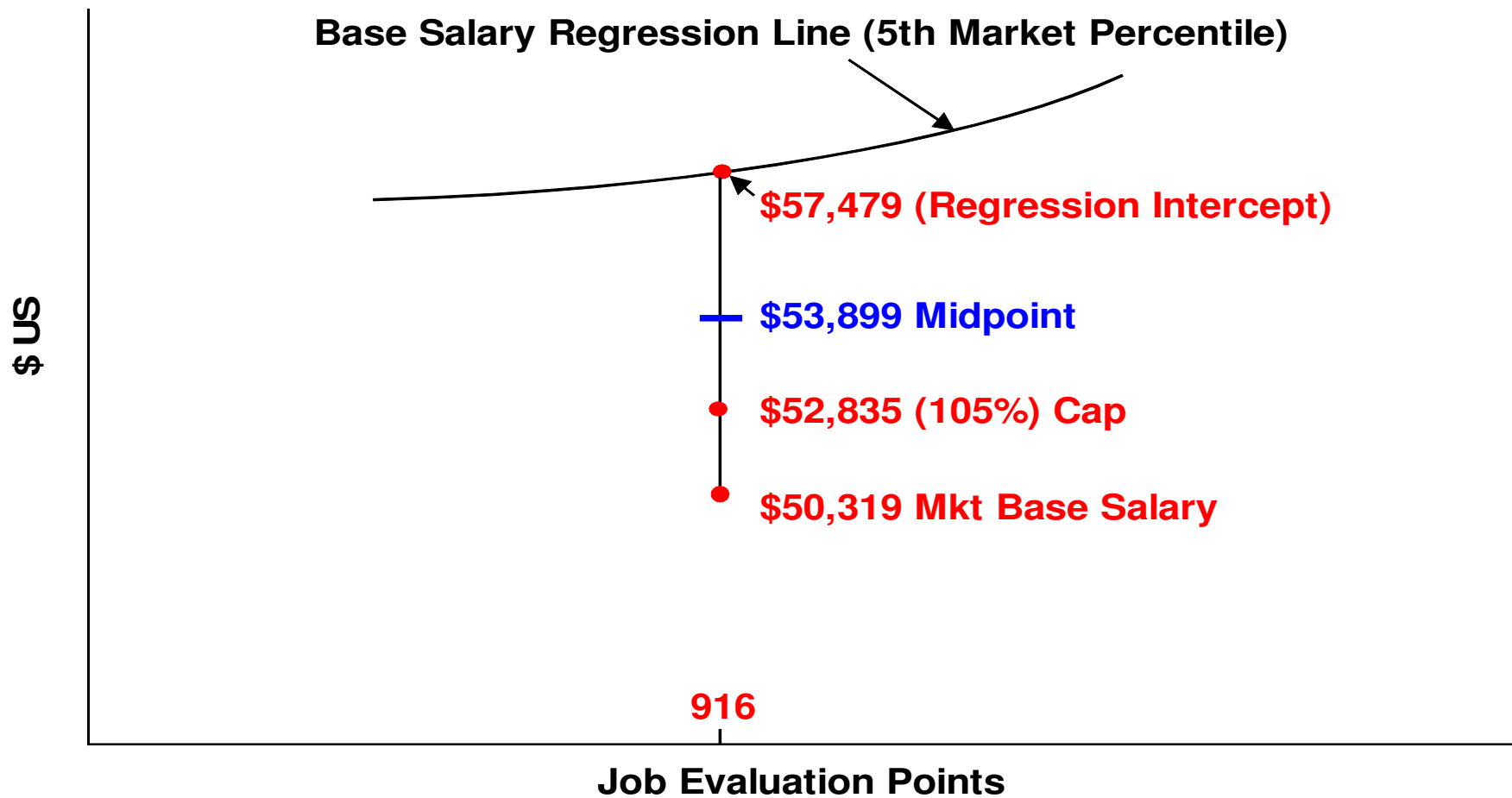
e.g : Accountant III



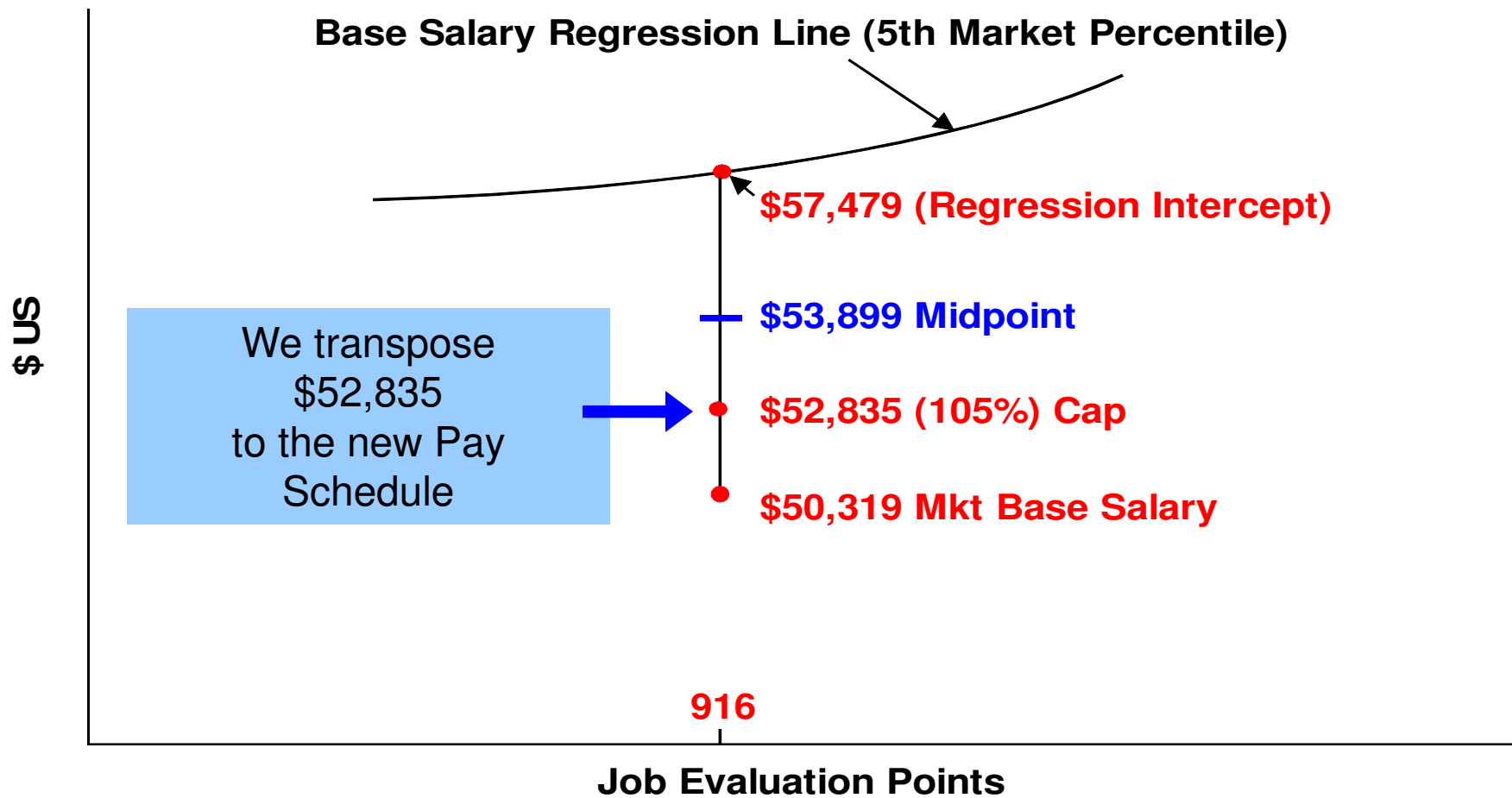
e.g : Accountant III



e.g : Accountant III



e.g : Accountant III



e.g : Accountant III

Grade K
Step 7
Sub-Step C

\$52,835

=

\$52,820

Using the new Pay Schedule
identify the closest base salary sub-step
(on the lower side)

e.g : Accountant III

**Grade K
Step 7
Sub-Step C**

\$52,835

=

\$52,820



**Note : this forms the high end of the
implementation range (5th Market Percentile)**

e.g : Accountant III

		Step 5				Step 5				Step 6				Step 7		
	D	A	B	C	D	A	B	C	D	A	B	C	D	A	B	C
GR. K	45,496	45,951	46,411	46,875	47,344	47,817	48,295	48,778	49,266	49,759	50,256	50,759	51,266	51,779	52,297	52,820
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
	↑															↑
	<div><div>\$45,496</div><div>\$52,820</div></div>															



The low end of the implementation range
is 16 sub-steps from the high end

e.g : Accountant III

		Step 5				Step 5				Step 6				Step 7		
	D	A	B	C	D	A	B	C	D	A	B	C	D	A	B	C
GR. K	45,496	45,951	46,411	46,875	47,344	47,817	48,295	48,778	49,266	49,759	50,256	50,759	51,266	51,779	52,297	52,820
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
	↑															↑
	\$45,496															\$52,820

Implementation Range

\$52,820 (Grade K, Step 7, Sub-Step C) - Range Max

\$45,496 (Grade K, Step 4, Sub-Step D) - Range Min

Implementation

Now that we have an implementation range
for each unique position the final
step is to migrate all employees into
the new compensation model

Implementation Criteria

1. Performance	9 Points	56%
2. Education	4 Points	25%
3. Experience	3 Points	19%
<hr/>		
TOTAL	16 Points	100%

Implementation Criteria

1. Performance	9 Points	56%
2. Education	4 Points	25%
3. Experience	3 Points	19%
<hr/>		
TOTAL	16 Points	100%



This corresponds to the implementation range

e.g : Accountant III

Employee X

1. Performance	9 Points	8 Points
2. Education	4 Points	4 Points
3. Experience	3 Points	3 Points
<hr/>		
TOTAL	16 Points	15 Points
<hr/>		

e.g : Accountant III

		Step 5					Step 5					Step 6					Step 7		
	D	A	B	C	D	A	B	C	D	A	B	C	D	A	B	C			
GR. K	45,496	45,951	46,411	46,875	47,344	47,817	48,295	48,778	49,266	49,759	50,256	50,759	51,266	51,779	52,297	52,820			
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16			
	↑															↑			
	\$45,496															\$52,820			

Score of 15 = \$52,297

Finally, in comparing this to the employee's current salary there are two scenarios :

e.g : Accountant III

		Step 5					Step 5					Step 6					Step 7		
	D	A	B	C	D	A	B	C	D	A	B	C	D	A	B	C			
GR. K	45,496	45,951	46,411	46,875	47,344	47,817	48,295	48,778	49,266	49,759	50,256	50,759	51,266	51,779	52,297	52,820			
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16			
	↑															↑			
	\$45,496																\$52,820		

Score of 15 = \$52,297

- Where the employee's current base salary is below this amount

e.g : Accountant III

		Step 5					Step 5					Step 6					Step 7		
	D	A	B	C	D	A	B	C	D	A	B	C	D	A	B	C			
GR. K	45,496	45,951	46,411	46,875	47,344	47,817	48,295	48,778	49,266	49,759	50,256	50,759	51,266	51,779	52,297	52,820			
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16			
	↑															↑			
	\$45,496																\$52,820		

Score of 15 = \$52,297

Emp X : Current Base Salary = \$44,345

e.g : Accountant III

		Step 5					Step 5					Step 6					Step 7		
	D	A	B	C	D	A	B	C	D	A	B	C	D	A	B	C			
GR. K	45,496	45,951	46,411	46,875	47,344	47,817	48,295	48,778	49,266	49,759	50,256	50,759	51,266	51,779	52,297	52,820			
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16			
	↑															↑			
	\$45,496															\$52,820			

Score of 15 = \$52,297

Emp X : Current Base Salary = \$44,345

Emp X : New Base Salary = \$52,297 (18% inc)

Grade K, 7, B

2. Where the employee's current base salary is above this amount

e.g : Accountant III

	Step 7				Step 8				Step 9				Step 10			
	A	B	C	D	A	B	C	D	A	B	C	D	A	B	C	D
GR. K	51,779	52,297	52,820	53,348	53,881	54,420	54,965	55,514	56,069	56,630	57,196	57,768	58,346	58,929	59,519	60,114

14

15

16



\$52,820

Score of 15 = \$52,297

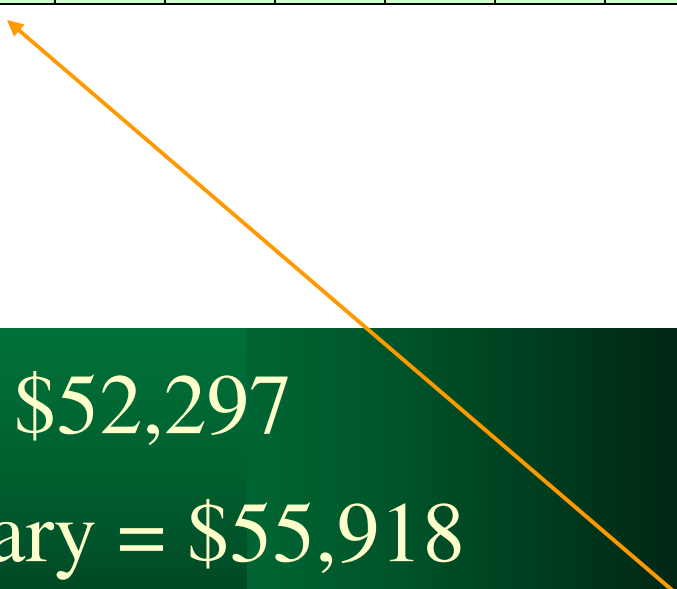
Emp X : Current Base Salary = \$55,918

e.g : Accountant III

	Step 7				Step 8				Step 9				Step 10			
	A	B	C	D	A	B	C	D	A	B	C	D	A	B	C	D
GR. K	51,779	52,297	52,820	53,348	53,881	54,420	54,965	55,514	56,069	56,630	57,196	57,768	58,346	58,929	59,519	60,114
	14	15	16													

\$52,820

↑



Score of 15 = \$52,297

Emp X : Current Base Salary = \$55,918

Emp X : New Base Salary = \$56,069 (0.3% inc)

Grade K, 9, A

GPA / GWA Proposal

To migrate employees to a more competitive market position over the next 5 years

FY08 - 5th market percentile

FY09 - 15th market percentile

FY10 - 25th market percentile

FY11 - 35th market percentile

FY12 - 50th market percentile

Hay Plan v's New Plan e.g. Accountant III

Grade N, Step 10, \$46,596 p/a

FY08	\$0.00	vs.	\$53,699 p/a (5 th)
FY09	\$48,227 p/a	vs.	\$59,758 p/a (15 th)
FY10	\$0.00	vs.	\$65,817 p/a (25 th)
FY11	\$49,915 p/a	vs.	\$71,611 p/a (35 th)
FY12	\$0.00	vs.	\$80,302 p/a (50 th)
<hr/>		<hr/>	
Increase	\$3,319		\$33,706
<hr/>		<hr/>	

Stage 3 : Implementation

A final costing would then be prepared
(implementation spreadsheet)

Presentation / Feedback

A final report would then be presented to the Board and management of GCC for their final review and endorsement

Implementation

With the Board / management's approval
Payroll / HR would then be advised and
the changes implemented

Timetable

Complete Stage One (Job Evaluation)	Mid October
Complete Stage Two (Comp. Structuring)	Mid November
Complete Stage Three (Implementation)	End December
Supplementary Projects	End January

Thank You / Questions

alan.searle@xtra.co.nz

Phone 64 - 9 - 4454088