College Procedure: 402.1 – Compensation

Policy Reference:	402 – Employee Benefits and Compensation
Responsible Department:	Human Resources
Approval Authority:	Cabinet
Procedure Owner:	Vice President, Human Resources and Institutional Effectiveness
Effective Date:	02/24/2014
Version Number:	4
Legal Counsel Reviewed (yes/no):	No
Scope:	College-wide

Reason for Procedure

Compensation is a key component of the total rewards Kirkwood offers Employees. At Kirkwood, we believe it is important that our compensation programs are current, competitive and understandable. Compensation not only helps us attract and retain qualified Employees, but it is also one of the ways we reward employees. The content in this compensation administration guide describes our approach to compensation, how our programs are administered and how they are kept up-to-date. Determining compensation policies and programs is the joint responsibility of the organization's leadership and the HR Department.

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Compensation Definitions

The following definitions are helpful in understanding the compensation programs at Kirkwood:

Annual Increase: Pay increase for eligible staff considered annually and awarded based on organizational performance, economic factors, meeting performance expectations and where employee pay falls relative to the pay range.

Base Pay Structure: The hierarchy of job bands and pay ranges.
Compensation Philosophy: An organization's approach to compensating employees. It supports the business strategy and fits with the organization's culture.

FLSA Status: Identifies whether a job is classified as exempt from overtime or nonexempt according to the Fair Labor Standards Act (FLSA).

Job Description: A summary of the most important features of a job, including the general nature (duties and responsibilities) and level (e.g., skill, effort, responsibility and working conditions) of the work performed. It typically includes job specifications that detail Employee characteristics required for competent job performance. A job description should describe and focus on the job itself and not on any specific individual who might fill the job.

Labor Market: Defines where an organization competes for talent and may vary by job type or level. Identified and defined by a combination of the following scope factors: (1) geography (local, regional, national); (2) industry (all industries or industry specific); (3) organization size (annual revenue and number of employees).

Lump Sum Award: When an annual increase is delivered in the form of a single cash payment separate from base pay (i.e., not folded in). It must be "re-earned" annually.

Pay Band: A group of jobs of similar value, used for compensation purposes. All jobs in a pay band have the same pay range minimum, midpoint and maximum.

Pay Band Maximum: The salary or hourly rate at the top end of a pay range. The goal of most base pay programs is to keep employee pay from exceeding this number.

Pay Band Midpoint: The salary or hourly rate that is in the middle of a pay range. The goal of most base pay programs is to pay satisfactory performing employees around this number.

Pay Band Minimum: The salary or hourly rate at the bottom end of a pay range. The goal of most base pay programs is to start most employees at or if justified above this number.

Compensation Philosophy

Kirkwood's mission is to ensure access to quality education, training, and lifelong learning with clear educational pathways that provide opportunities and support for all students to succeed. Our vision is to be the community college leader in regional, national and global education. We strive to create a highly collaborative work environment where employees feel valued and motivated by their contributions to our organization and the communities we serve, while remaining true to our core values: Respect, Excellence, Responsibility and Diversity.

Our goal is to provide competitive and equitable compensation that attracts, engages and retains top talent while achieving organizational goals and objectives.

Kirkwood's market competitive base pay range is built around the target rate percentile for each job's labor market. The labor market is defined by geography (local or Midwest Region), industry (all industries or higher education) and company size (all sizes or specific to annual revenue and number of fulltime employees) based on the types of organizations with whom we compete for talent.

Jobs are assigned to our pay structures based on market analysis data provided by an independent third party. If market data are not available, jobs are slotted into the appropriate pay structure along with jobs of similar scope and responsibility that do have market data available. New hires are placed in their job's pay range based on the experience, skills and education that they bring to their role and the organization, as well as how they compare to their peers in similar roles. Most new hires start at the minimum of the pay band. Employees will be moved through their job's pay range based on the calculated annual increase.

Determining Job Value through Market Analysis

Kirkwood's compensation philosophy is to offer a market competitive base pay range for each job's relevant labor market. Kirkwood will review its overall comp structure every three to five years and determine whether a full compensation review is necessary.

Job Titles and Job Descriptions

Accurate and up-to-date job titles and job descriptions are essential elements in Kirkwood's compensation program. The job description is an official written account of a job that indicates department and FLSA status. Job descriptions also provide a summary of the work being performed, list essential functions, as well as, experience, skill, education, certification, physical and work schedule requirements. Managers and supervisors, in partnership with Human Resources, should review all of their department's job titles and job descriptions on an annual basis to ensure they are accurate and up-to-date. Job titles should be consistent for similar positions throughout departments and the organization. New positions need to be reviewed to determine pay band placement based on job description. All updated job descriptions should be sent to HR to be place in job descriptors folders accessible to all employees.

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Base Pay Structures

Kirkwood utilizes a salaried and an hourly base pay structure to create a framework for making base pay decisions that are market-competitive and equitable. The base pay structures were developed utilizing information obtained during the 2022 compensation study. A market analysis was conducted on Kirkwood's jobs. The market analysis results were then organized into two market-based pay structures.

The base pay structures are kept up-to-date by reviewing compensation planning data on an annual basis. When the pay structures are adjusted, the same percent increase is applied to all pay bands to ensure a consistent framework for base pay decisions is kept intact.

The hourly pay structure consists of eight pay bands, each with a pay range minimum (i.e., 80% of target), midpoint (aka, target) and maximum (i.e., 120% of target).

The salaried pay structure consists of 23 pay bands, each with a pay range minimum (i.e., 80% of target), midpoint (aka, target) and maximum (i.e., 120% of target).

Setting Base Pay for New Hires

- All new hire job offers need to be approved by the department's Cabinet Member and Human Resources prior to any offer being made to the new hire.
- In general, starting pay for new hires will be the minimum of the pay band. Exceptions require approval from the HR department. New hires will normally be hired at a rate somewhere between the minimum and 10% above the minimum pay band.

If requesting above the minimum, an internal equity review will be completed. Internal equity review process is stated below.

- Each year of college completed will be credited as one year of experience and each year of relevant outside experience will be credited as one year of experience. Base pay will be set according to that comparison.

Due to the demand for specific skill sets or a lack of qualified candidates, the college reserves the right to exceed the pay plan listed above. Any new hire wage that would exceed the 10% cap on the minimum pay band will require the approval of the President prior to an offer.

Annual Increases

Each spring, as part of the College's budget process, the Cabinet along with the President will make a recommendation for an annual salary increase based on a percentage of an employee's current base pay for full-time non-bargaining unit employees.

- Increases will become effective the following July 1st. Employees who were hired prior to March 1 will be eligible to receive the increase. If the minimum entry-level wage for a pay band is increased and is greater than the wage of someone hired March 1 or later, that employee's wage will be increased to the new minimum entry level.
- In conjunction with the salary increases, the Cabinet, along with Human Resources, will review all pay bands to determine if any adjustments need to be made to the pay bands.
- Employees who have been on a performance development plan (PDP) during the current fiscal year will not be eligible for an increase in July. Employees who are not eligible for an increase, due to a PDP can receive the increase one year from the date they successfully complete their PDP. (Note: Increase is not retroactive.)
- Lump sum payments will be paid out to employees equivalent to the annual increase for those who are over their pay range maximum. The payments will be paid out on a quarterly basis. Base wages for these employees will not increase. .
- Cabinet and the President will determine part-time employee salary increases.

Job Changes

Job Change within the Same Pay band

If an Employee changes jobs, but the new job is in the same pay band as the previous job, the Employee's pay would remain the same.

Promotion

If an Employee is promoted to a job in a higher pay band, the base pay of the newly promoted Employee will be the greater of the following two approaches:

1. Base pay will be increased to match the minimum of the higher pay band, or
2. Employees above the minimum of the higher pay band will receive an increase of no more than 12% over the minimum of the new pay band. Anything over 12% will require Presidential approval.

   When an employee is promoted into a new position, a review of other Employees in that same job should be conducted in order to determine if there are any internal equity adjustments that should be made to ensure equitable pay.

Job Change to a Lower Pay band

1. Classification Adjustment

A review of position results in reclassifying a job to a lower pay band, but no change in duties. No change in salary.

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2. Transfer to Lower Pay Band

An employee may voluntarily or involuntarily change positions that results in a lower pay band. The new wage will be determined by internal equity review.

Each year of college completed will be credited as one year of experience and each year of relevant outside experience will be credited as one year of experience. Base pay will be set according to that comparison.

Discretionary Compensation

In conjunction with the annual increase, a small allotment of funds may be set aside for discretionary pay adjustments. Discretionary pay adjustments give managers an opportunity to recognize employees who have exceeded performance standards or to address certain payroll inequities. Managers will need to request discretionary compensation with their Cabinet member. Cabinet members will meet with the President, VP Human Resources, VP Finance and Talent Acquisition in the spring of each year to get initial approval for reclassifications, merit, equity increases for each division. Final review and approval will normally take place at a full Cabinet meeting.

Listed below are the categories that a manager may use to recommend employees for discretionary pay adjustments:

- **Bonus** - applications for bonuses will require written, objective evidence as justification. Bonuses will be no greater than 5% of current salary.
- **Equity Increase** – an equity increase/salary adjustment is a pay increase provided to an employee whose current pay is too low due to a significant upswing in the internal and sometimes external “market” for his/her specific skill set and abilities. Factors that will be considered in determine an equity increase may include:
    1. **Market Influence** – Current compensation levels result in an unusually high level of turnover of employees in the department or the department experiences significant difficulty in recruiting candidates to fill vacant positions.
    2. **Pay Equity** – based on an internal equity analysis, awards may be granted to assist in resolving or minimizing pay inequities.
    3. **Retention** - employee skill set is in high demand within the local market place or is critical to college operations, thereby requiring an adjustment to increase retention.
- **Additional Duties Increase** – employees are eligible for an additional duties adjustment of 5% of base pay when Employees have additional responsibilities added to their job, which creates a significant change to their current role. The additional duties increase requires Human Resources approval.
- **Temporary Additional Duties Increase** – employees are eligible for a temporary additional duties adjustment of 5% of base pay on case-by-case basis when asked to take on substantial additional job duties outside of their position for an extended period of time. Recommendations must come from the appropriate cabinet member and approved by Human Resources.

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Discretionary Compensation Adjustments Guidelines:

- An internal equity review will be completed for equity increase requests.
- An employee is not eligible to receive a discretionary compensation adjustment if they have received one in each of the last two years.
- Employees who are at the maximum in their pay band are exempt from discretionary pay adjustments. However, they can only receive bonuses and are not eligible for merit or other base pay increases/adjustments.
- With the President's approval, the college reserves the right to make adjustments, as needed, to the discretionary compensation requirements in order to meet the needs of the College and its employees.

Job Reclassification and Transfer

Job Reclassification is a significant change in job responsibilities that requires the position to be moved from one pay band to another. This pay band movement can be to a higher pay band or lower pay band.

- To make a change to a job classification, the manager will submit an updated job description along with a personnel action form (PAF) to their Cabinet member for review.
- Once approved by the Cabinet member, the reclassification materials are sent to HR for review as well as for a salary recommendation. Salary recommendations are based on internal market data, whenever possible.
- The job description and salary recommendation are sent to the President for final approval.
- Managers will need to request initial approval for reclassification requests from their Cabinet member. Cabinet members will meet with the President, VP Human Resources, VP Finance and Talent Acquisition in the spring of each year to get initial approval for reclassifications, merit, equity increases for each division.
- Employees who are reclassified to a lower pay band and exceed internal market pay may have their salary frozen until the internal market pay structure catches up to their current salary level.

Reinstatement/Rehire

Resignation: Individuals whose full-time, board-approved employment is terminated due to resignation can be rehired into a board-approved position; however they will be hired as any new hire to the college with regard to salary placement and benefit accrual. This is regardless of separation duration.

- No credit for prior years of service is given toward service awards or benefit accrual (such as vacation for non-exempt employees, the Retirement Incentive Program years of service).

Lay-off/Position Elimination: Individuals whose full-time, board-approved employment is terminated due to a lay-off or position elimination can be rehired into a board-approved position.

Individual will be reinstated as if they never left the college, if all of the following circumstances are met:

- They were employed in a full-time, board-approved position for a minimum of 3 years prior to the lay-off
- Job elimination led to the employee being laid off
- They return within 6 months of their lay-off

Individuals who meet the above criteria will be reinstated with the full-time anniversary date immediately prior to layoff; in other words, their record will reflect no break in service with regard to service awards and benefit accrual.

- Vacation days upon reinstatement will be prorated for the remainder of the fiscal year.
- Other paid leave (sick, personal, illness in the family, bereavement) will be refreshed to the balance at the time of layoff.
- Salary recommendation will be reviewed on a case-by-case basis, taking into consideration factors such as, but not limited to, position held prior to lay-off, the new position, and internal equity.

Full-Time to Part-Time/Returning Retirees

When a full-time employee resigns or retires from their position and moves to a part-time position, their part-time salary will be adjusted giving credit for prior years of full-time employment as follows:

- If the retiree is rehired in the same position/duties as they retired from, they may receive up to 75% of their previous full-time rate of pay.
- If they were employed in a different position than they retired from, they may receive up to 20% of the minimum of the part-time pay band.
- Departments also have the option to only offer the minimum of the part-time pay band due to budget constraints.
- Due to high demand for certain skill sets or a lack of qualified candidates, the college reserves the right to exceed the pay plan listed above for full-time employees who resign or retire from their position and move to a part-time position. Any request to exceed the pay plan above will require the approval of the President prior to an offer being made.

Temporary

Temporary employees are considered those employees, including retirees, who are scheduled to work sporadically throughout the year or for a specific period of time not to exceed one year.

- Employees hired in temporary positions will be paid the part-time entry-level wage for the position in which they are hired.
- If a new temporary position does not have a comparable position on the current part-time pay band, the hiring manager will work with the Talent Acquisition Manager to determine an appropriate pay band.
- Temporary employees are not eligible for annual pay increases.
- If the part-time entry-level wage is increased, the wage for temporary employees will be increased to the new entry-level wage.
- Temporary employees will be paid in one of two ways; either by submitting a part-time payroll authorization form or a Personnel Action Form.
    - A Part-Time Payroll Authorization form should be used in the following situations:
        - Temporary employees who will actually work less than or equal to 90 calendar days consecutively or sporadically in a fiscal year.
        - Temporary employees who work year-round, however only on an occasional/sporadic basis, such as one to 5 days a month.
        - The Part-time Payroll Authorization will need to be completed for each pay period in which the employee should be paid. The employee will only be paid when a Part-Time Payroll Authorization is submitted to Payroll.
    - A Personnel Action Form should be used in the following situations:
        - Temporary employees who will actually work more than 90 calendar days consecutively in a fiscal year.
        - These individuals will be assigned an electronic time sheet to complete each payroll.
        - The Personnel Action Form for temporary employees must have an end date within the current fiscal year. If their employment crosses a fiscal year, a new Personnel Action Form must be completed for the new fiscal year.
- Temporary employees who work a regular and consistent schedule for up to one year in the same position must be terminated or hired on a regular part-time or full-time basis.

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General Information

- The college reserves the right to change or modify this procedure at any time as well as suspend certain provisions of this document based on budgetary constraints.
- This is not a contract and therefore employment at the college remains at will.

Revision Log

Table 1 Revision Log

Version Number	Date Approved	Approved by	Description of Change
1	02/24/2014	Jim Choate, Vice President, Finance	New procedure
2	05/09/2017	Cabinet	New template
3	06/26/2019	Cabinet	Procedure template
4	07/01/2023	Cabinet	Edits