

APPENDIX 1

CLASSIFIED EMPLOYEE COMPENSATION MARKET STUDY JOB EVALUATION METHODOLOGY REVIEW And COMPENSATION REPORTING STRUCTURE DESIGN

REQUEST FOR PROPOSALS (RFP) NO. 15191
April 15, 2015

Project Background

Over the past decade, the human resources function within West Virginia higher education has received substantial legislative attention. In 2005, certain human resources areas were the focus of legislatively-mandated studies (Senate Bill 603) to determine consistency in the application of statewide rules and policies as well as to establish human resources best practice standards. Later efforts involved studies of the compensation of classified employees as well as the method of assigning values to the compensable characteristics of those positions (point factor methodology). In early 2011, the Legislature enacted Senate Bill 330 in which the results of the prior studies and efforts to establish human resources consistency and uniformity across the systems were again codified and the primacy of the Legislature in the control of that function was re-emphasized.

West Virginia Code was again modified during the 2015 Legislative Session. Senate Bill 439 was signed by the Governor on April 1, 2015. This bill scales back the requirements for central control of personnel practices, provides organizations more flexibility and limits central control and uniformity of classification and compensation to only the classified category of employees.

The bill requires a uniform system of classification be maintained and a compensation market study be completed for the classified employee category only. It allows organizations of the system to request assistance from the Vice Chancellor for Human Resources in developing organization classification or compensation programs for nonclassified and faculty employees. Statutory requirements for reporting compensation levels compared to organizational markets remains part of the law. The 2015 modification decentralized the responsibility for identifying market pay levels for faculty and nonclassified employees. Organizations are independently responsible for identifying their compensation markets and reporting employee compensation and market pay to the Commission and Council on an annual basis. The Commission and Council are required to analyze the data and report the result to the Legislative Oversight Commission on Education Accountability.

Senate Bill 439 retains the requirement that market salary surveys be conducted by an outside consultant every five years, but only classified employees. **The compensation salary structure**

for the classified employee category addressed in this Request for Proposal must be completed by December 15, 2015. Remaining deliverables may be provided at a later date.

Based on the initial market salary surveys and recommendations by the compensation consultant, the Commission and Council will replace the existing classified salary schedule as contemplated by West Virginia Code §18B-9A-6. It is anticipated that the new schedule will contain pay grades, each with a minimum, midpoint and maximum salary level. However, the system is open to consider other relevant compensation structures best suited to attract, reward and retain employees of the organizations under the purview of the Commission and Council.

The Code allows the Commission and Council to conduct an annual review of the market and provides the flexibility to adjust the market salary structure if the resulting data supports the adjustment. The new compensation schedule resulting from the classified compensation market study will be applicable to all classified employees at all organizations of the Commission and Council.

West Virginia Code §18B-9A-6(d) requires the comprehensive study be completed by an external vendor every five years. This section of the Code also allows the Commission and Council to update the compensation survey information annually and make adjustments to the classified salary schedule if the survey results support such.

West Virginia Code §18B-9A-6(f) allows the Commission and Council to annually approve a minimum salary amount that sets forth a compensation level for each pay grade below which no organization classified employee may be paid. The initial minimum salary will be established based on recommendations for implementation made by the consultant. Subsequent changes in the minimum salary level will be made after consideration of existing economic, budgetary and fiscal conditions, existing compensation levels, annual review of market salary data, and other factors considered appropriate.

Senate Bill 439 removed the concept of “relative market equity” from West Virginia Code. However, the Legislature still requires organizations to provide to the Commission and Council annual reports of compensation and organizational market information for the three categories of employees. These reports are included in the statutorily mandated Human Resources Report Card, which is presented to the Legislature. The three categories of employees are classified, nonclassified and faculty. Section 3 of the Request for Proposal addresses the design of compensation reporting to meet this requirement.

Background: Classified Job Evaluation and Compensation Program

There are approximately 700 job titles in the classified classification and compensation system. In October 2014, organizations reported classified employees assigned to pay grades 6 through 22 of a 1 to 25 pay grade hierarchy structure.

A point factor methodology has been used to assign classified employee jobs to pay grades since 1992. The weighting assigned to the 13 compensable factors contained in the point factor methodology was reviewed by an external consultant in 2007. At the conclusion of that study in 2008, the consultants recommended the percent weight for the factors remain substantially the same.

The salary structure associated with the pay grade hierarchy created by the job evaluation methodology has not been validated against the market since it was created. Individual classification analysts within Commission and Council organizations administer the point factor methodology on the campus level using established titles with assigned pay grades. Decisions at the campus level are subject to appeal by the employee for review by the Job Classification Committee.

One compliance audit was conducted in 1999. The audit covered a sampling of 191 classification decisions made by campus human resources personnel. The audit tested accountability for properly applying the methodology, consistency of application among institutions, appropriately calculating the pay changes in accordance with system rules, and documentation of current job duties. The audit reveals inconsistency with how the office support job titles were utilized. No other major concerns were noted. Turnover at the Commission Office resulted in no review of the office support job family and no additional validation or accountability assessments have occurred of institutional level classification decisions.

The Job Classification Committee (JCC), established by statute, is responsible for maintaining the classified employee classification structure, performing job family reviews, and hearing classification appeals prior to grievance. It is the only body authorized to assign grades to jobs and create or delete job titles. Originally established as the Job Evaluation Committee (JEC), it was restructured and renamed as the Job Classification Committee by the Legislature in 2011.

In 2011, the committee retained the same responsibilities plus gained the additional authority to recommend base pay enhancements for positions where application of the point factor methodology produces significantly lower salaries than external market pricing; determine appropriate career ladders within the classification system; and establish criteria for career progression.

The 10-member Job Classification Committee is comprised of six members representing human resources and four members appointed based on recommendations from the Advisory Council of Classified Employees (ACCE). Human resources representatives recommended for membership should be responsible for application of the point factor methodology at their institution. The representatives from the classified employee group typically have no campus level responsibility for classification recommendations. The one representative from ACCE who has received extensive classification and compensation training is scheduled to rotate off the committee in November 2015. Training for application of the point factor methodology is scheduled for April 2015. However, with a limited number of JCC meetings required, resignations and expiring membership terms, the committee has difficulty maintaining a high level of proficiency.

While a committee has always been responsible for creating and assigning classified job titles, the existing software to manage this process has been outdated and unusable for many years and the entire classification system is presently maintained on spreadsheets. The system lacks current job specifications.

The new 2015 legislation (Senate Bill 439) instructs the Commission and Council to evaluate the effectiveness of its method used to conduct job evaluation for classified positions. The method currently used is a point factor methodology. West Virginia Code requires the Commission and Council to develop and maintain up-to-date job descriptions for the system.

Limited job specifications were developed in 1992 when the classification system was implemented. Currently, the most consistent representation of classified job specifications can be found in generic job descriptions for over 300 classified positions created by West Virginia University in 2009. However, applicability of these specifications to the other 18 public colleges and universities has not been reviewed. Position Information Questionnaires (PIQs) used for initial gathering of job information to establish titles for the system have become the default specifications for the system. During the fall of 2014, a survey of institutions revealed that current job descriptions are in place for approximately 84 percent of the classified employees. However, there is no central repository for these job descriptions.

In 2002, representative position information questionnaires were identified for the evaluation data lines and titles in use, but not all titles have centrally maintained representative PIQs. There has been a great deal of turnover at the state higher education human resources office, so centralized maintenance of the classification and compensation system has not occurred.

Because the PIQs are specifically written for a job at an institution, there is no consistency or uniformity in their essential functions or minimum qualifications. Finally, some positions cross over from classified to nonclassified depending on the functions of that position on a particular campus. For example, a Registrar on a large campus with focused duties may not have policy-making authority, while the same position on a smaller campus may. For this reason, some similarly titled positions may appear in both the classified and nonclassified employee categories.

The salary structure for classified employees was developed in 1992 and updated with assistance from an external consultant in 2001. A new market study was completed in 2008; however, the salary structure was not modified. The salary structure has not been validated against the resulting job worth hierarchy created by the point factor methodology since 1992. The Commission and Council *are not* obligated by statute to continue with a the years-of-service salary schedule. The system instead seeks to transition to a more modern compensation structure for classified employees.

A Compensation Planning and Review Committee (CPRC) was re-established by the Legislature in 2011. The CPRC is representative of all the higher education organizations and their constituent groups. In 2015, Senate Bill 439 modified the CPRC scope to only oversee compensation issues for classified employees.

Responsibilities of the CPRC include: making annual recommendations for revisions in the system compensation plan based on existing economic, budgetary and fiscal conditions or on market study data; overseeing the five-year external market salary study; overseeing the annual internal market review; meeting annually with the Job Classification Committee to discuss benchmark jobs to be included in salary surveys, market “hot jobs” that may require a temporary salary adjustment, results of job family reviews, and assessment of current job titles within the classification system for market matches and other issues as the Vice Chancellor for Human Resources, in consultation with the Chancellors, determines to be appropriate; and performing other duties as assigned by the Commission and Council or as necessary or expedient to maintain an effective classification and compensation system.