

Compensation and Benefits Report

PROFESSIONAL & SCIENTIFIC COUNCIL
COMPENSATION & BENEFITS COMMITTEE

0 EXECUTIVE SUMMARY

The Compensation and Benefits Committee has completed its annual review of Iowa State University's compensation and benefits programs for Professional and Scientific (P&S) employees. The review focused on market-based pay, performance-based increases, and recent health and retirement benefit changes. The Committee highlights successes and offers recommendations to enhance compensation practices, improve benefits, and ensure fair treatment for all P&S employees.

1 INTRODUCTION

Iowa State University aims to attract and retain a skilled workforce by offering competitive compensation and benefits to its Professional and Scientific (P&S) staff. In 2020, the university shifted to a market-based pay model and in 2021 introduced the concept of discretionary increases. The report reviews this change, including updates to health insurance and retirement plans, and evaluates their impact on P&S employees. The P&S Council continues to work closely with University Human Resources to address concerns and advocate for improvements. The report highlights both successes and challenges, including topics such as pay equity, transparency, and aligning compensation with budget constraints. Further, the report provides an overview of the current state of benefits offered to P&S employees, including health insurance, mental health benefits, retirement plans, vision coverage, and new voluntary benefits.

2 COMPENSATION

2.1 THE PAY GRADE STRUCTURE AND MARKET-BASED PAY

To learn more about the compensation structure, review section 2.2 of the [2024 report](#). Last year, P&S Council recommended an annual review to maintain the health of the structure.

Recommendation: The committee recommends an annual review and appropriate adjustments to the structure. We recommend adjustments are made on July 1 of each year for consistency and budget planning.

University leadership was receptive to this recommendation and proceeded with a 3% pay grade structure shift in 2024. UHR continues to make recommendations for structure adjustments in order to stay competitive with the external market. While the market-based pay structure at Iowa State University represented a significant improvement in competitive pay practices for P&S employees it did not completely resolve compensation issues for current P&S employees. In efforts to resolve this overtime, University Human Resources (UHR) offers a process for market reviews and increases. This has led to a significant number of pay adjustments over the last 3 years. However, P&S employees continue to raise concerns about their pay, career progression, and market competitiveness. These ongoing challenges suggest that further work is needed to educate managers and employees on how to use the

new compensation structure to fully align with the university's goal of providing competitive, market-based pay.

2.2 COMPENSATION PHILOSOPHY VS BUDGET REALITY

As discussed in 2.1, the University uses two primary compensation strategies to impact employee pay: market-based compensation and discretionary performance annual increases. Market-based compensation is based on an employee's individual market, meaning they are compensated appropriately to the market based on their years of experience and proficiency. Discretionary performance-based increases are annual salary increases that are based on an individual employee's annual performance and achievements.

Budget constraints are frequently cited as the main reason for limiting discretionary performance-based increases and delaying market reviews. While these financial limitations are acknowledged, they conflict with the university's stated philosophy of rewarding high performance and offering competitive pay. This mismatch has contributed to growing morale issues, as employees feel a disconnect between expectations and reality, which could negatively affect engagement, motivation, and retention.

Recommendations:

University leadership to review compensation practices and the budget model and create a strategic plan to align the budget model and practices to support the compensation model.

Create budget manager training about proactive budgeting for salary increases and how to work with supervisors on processes regarding market-based increases and recommend annual increases.

Publish an expected hiring salary range within each job description.

PERFORMANCE EVALUATIONS

Meaningful performance evaluations have become more crucial due to the shift to discretionary annual increases. However, staff are often confused about how their performance is linked to their pay increase, what the increase is, and when they will receive information about it.

Given the importance of increases for both employee motivation/satisfaction and to support the compensation philosophy, the committee submits the following:

Recommendations:

Leverage Workday to move to a uniform performance evaluation for all P&S employees.

Explore opportunities for broader communication around performance evaluations and annual increases, including direct communication from UHR to all managers/supervisors on campus regarding the performance evaluation process, and utilizing Workday to deliver compensation statements to all employees on or around the same date.

Require mandatory training for all managers/supervisors about the importance of performance conversations (on-going and annual) and how to structure them.

3 BENEFITS

3.1 OVERVIEW OF CHANGES

In January 2024, Iowa State University's health plan underwent design changes and a premium increase, necessary to balance the budget of the self-funded plan. The premium increases vary by tier but are consistent within each tier based on the premium level set for that tier. Final premiums are determined through an actuarial process designed to cover the claims of the entire population. The increase between the single and family plans is not driven by the number of dependents but by the overall cost of claims associated with single versus family contracts.

Recommendation:

To hold premiums until more data can be collected from the plan design changes

Iowa State University is committed to providing competitive, affordable health care benefits to support employees. To minimize the impact on employees, the University will absorb most of the premium increases and will continue to cover more than 87% of the total cost of health care plans. The new employee monthly premiums took effect January 1, 2025. No changes are being made to health care plan designs. Overall health care coverage will remain the same.

3.2 ENROLLMENT DATA AND COST ANALYSIS

Enrollment in benefits stayed consistent, which is likely due to the richness and affordability of the plan in comparison to other offerings. While the changes did not impact the overall enrollment in the benefits package, the committee recognizes the financial impact that this change had on staff.

3.3 MENTAL HEALTH BENEFITS

Enrollment in the benefits plan remained steady, likely due to the plan's richness and affordability compared to other options. While the changes did not affect overall enrollment, the committee

acknowledges the financial impact on staff. The combination of slow salary increases, higher premiums, and increased cost-sharing has resulted in lower take-home pay for many P&S employees on campus.

Recommendations:

Conduct a cost analysis to determine the financial implications for the University if mental health co-pays were eliminated.

Based on budget availability, implement a plan design change for 2026 to reinstate 100% coverage for mental health eliminated. Based on associated premium increase.

3.4 WINS

- **No Significant Rate Changes**
 - One of the significant wins for ISU this year is the stability in benefit plan designs. There have been no significant changes to the existing plans.
- **TIAA Changes**
 - Iowa State University is making three significant changes to its TIAA retirement plan in April to align with industry best practices and respond to employee preferences. These changes are expected to save participants about \$4.1 million in aggregate fees annually. The basic design of the retirement program will remain the same, with free consultations and unchanged contribution rates and eligibility requirements.
 - The three changes include:
 - Reducing the number of available funds from 45 to 28, with lower fees for several funds.
 - Introducing a self-directed brokerage account, allowing employees to select from thousands of mutual funds.
 - Changing the default option to Iowa State RetireOn Track, a portfolio that includes investments for guaranteed income in retirement.
- Employee feedback has been positive, with appreciation of the reduced fees and the introduction of more investment choices. In a TIAA participant survey, 80% of respondents expressed a desire for guaranteed income in retirement, which the new default option addresses.
- **Expanded Vision Coverage**
 - Iowa State University is enhancing its vision coverage for 2025, with the Avesis eyewear plan now fully covering lens enhancements like polycarbonate lenses, scratch resistance, anti-reflective coating, UV screening, and tinting. This expansion reflects ISU's commitment to evolving its benefits based on employee feedback.
- **New Voluntary Benefits**
 - Iowa State University is excited to introduce a range of new voluntary benefits designed to enhance the well-being and financial security of its employees. Perkspot offers a best-

in-class employee discount program with deals on thousands of brands, personalized to employee interests and needs.

- **EBAC Implementation**
 - In last year's report, the committee recommended that the Employee Benefits Advisory Committee (EBAC) establish an onboarding process for new members to enhance the committee's effectiveness. EBAC has successfully implemented this recommendation, ensuring that each new member now completes the onboarding process. This improvement ensures that the feedback provided to senior leadership is more meaningful and impactful.

3.5 BENEFIT GAPS AND OPPORTUNITIES

Iowa State University conducts an unmet needs survey every three years to gather employee feedback and identify areas for benefit improvement. The results are compared with previous surveys to track progress and guide future enhancements. Additionally, ISU offers various vendor discounts, including savings on dental and vision care, identity protection, travel assistance, hearing aids, and laser vision correction through partnerships with vendors like Delta Dental, Wellmark BC/BS, Principal Financial, and American Hearing Benefits.

EXPRESS SCRIPT PHARMACY BENEFIT

Iowa State University offers a comprehensive prescription drug plan through Express Scripts, providing reduced costs on routine prescriptions for employees. This plan is administered separately from the medical plan, ensuring affordable medications without additional premiums. The cost of both the health and prescription plans is combined into a single health premium, making it a seamless and cost-effective option for managing healthcare needs.

4 RESOURCES

The links below comprise educational resources for understanding compensation and benefits at Iowa State University.

4.1 UNIVERSITY HUMAN RESOURCES

- **New Employee Benefits Presentation**
<https://hr.iastate.edu/new-hire-benefits-presentation>
- **Benefits Education**
<https://hr.iastate.edu/benefits-education-1>
- **P&S Benchmarking Process**
https://iastate.service-now.com/esc?id=kb_article&table=kb_knowledge&sysparm_article=KB0022014
- **P&S Compensation Structure Resources**
https://iastate.service-now.com/esc?id=kb_article&sysparm_article=KB0019629

- **Vendor Discounts**
<https://hr.iastate.edu/vendor-discounts>
- **Pharmacy and Prescription Questions**
[Pharmacy Costs Two Pager](#)
- **FSA and Dependent Care Information**
[Health Care Flexible Spending Account & Dependent Care Assistance Program - University Human Resources](#)
- **Employee Discount Programs**
<https://iastate.app.box.com/s/nwz80pnj3lvmhjo5yochdpwxye8ly3mg>