

IOWA STATE UNIVERSITY

OF SCIENCE AND TECHNOLOGY

Professional & Scientific Council

Date: March 6, 2014

To: Dr. Steven Leath, President
Mr. Miles Lackey, Associate Vice President/Chief of Staff
Dr. Jonathan Wickert, Senior Vice President and Provost
Dr. Thomas Hill, Senior Vice President for Student Affairs
Mr. Warren Madden, Senior Vice President for Business & Finance

From: Steve Mayberry, President Professional & Scientific Council

Subject: **Iowa State University Professional and Scientific Council's Recommended Salary Policy for Fiscal Year 2015**

Attached you will find the Iowa State University Professional and Scientific Council's (P&S Council) recommended Salary Policy for fiscal year 2015 (FY15). The intention of this salary recommendation is twofold: 1) to reward Professional and Scientific employees for high performance and 2) to allow P&S Employees the opportunity to advance within their respective pay matrix and out of the "hiring range" of the position (understood to be the Minimum to the 1st Third of the Salary Matrix, in each pay grade).

Market Trend Comparison and Recommendation

P&S Council supports the recommendation from the Towers Perrin Compensation Report (2008) to benchmark P&S Employee salaries against comparable markets and use this information in discussions related to annual salary planning.

P&S Council recommends that the P&S Salary Matrix for FY15 be adjusted to reflect market trends, thereby ensuring that the salary matrix provides for competitive salaries. Based on market trends, it is recommended that the matrix be increased by 1.5% across all pay grades to maintain alignment with market trends.

FY15 Compensation Forecast and Recommendation

Based on data from national compensation salary surveys by The Hay Group and The Society for Human Resource Management, a 3% base salary increase is the expected salary increase for exempt employees across all industries in the US.

For FY15, P&S Council recommends an average 2.9% salary increase for Iowa State University P&S employees who meet or exceed job expectations at the discretion of their respective college, department, or unit. P&S employees who do not meet or exceed job expectations should not be eligible for a salary increase until such time as there has been a documented improvement in performance.

Actual percent salary increase should be determined by two factors: 1) employee performance, and 2) employee's current placement within their respective pay grade. Employees earning in the bottom third of their pay grade receive an average salary increase of 3.4% (range of 2.5-4.5%); employees earning in the middle third of their pay grade receive an average salary increase of 2.9% (range of 2.0-4.0%); employees earning in the top third of their pay grade receive an average salary increase of 2.4% (range of 1.5-3.5%, limited to the maximum of the pay grade). A range is provided to reward higher performance, as determined by each college, department, or unit:

Position in Matrix	Bottom 3rd	Middle 3rd	Upper 3rd
% of P&S Employees	25.25%	50.00%	24.75%
Eligible Salary Increase	2.5-4.5%	2.0-4.0%	1.5-3.5%
Average Salary Increase	3.4%	2.9%	2.4%

This performance based salary increase recommendation provides a process to advance the pay of current employees in a systematic manner and will advance employees who are lower in pay grade more rapidly, while still rewarding high performers at the higher end of their respective pay grades. This recommendation also provides colleges, departments, and units the ability to recognize and retain high performers.

Additional Recommendations

P&S Council further recommends:

- Employees have a performance appraisal completed with their manager/supervisor in FY14, the evaluation is documented on the P&S Performance Appraisal Confirmation Form, and the form is centrally filed with Iowa State University Human Resources.
- Colleges, departments, and units of the University place greater emphasis on the importance of the performance appraisal system, not only as a criterion for salary increases, but as an important tool for P&S Employees to revisit the expectations of their career and development as a professional.
- Manager/supervisory personnel who are responsible for completing performance appraisals attend the University Human Resources P&S Performance Management Training.
- Equity adjustments to P&S salaries that are lagging in competitiveness as determined by the Human Capital Annual Report produced by Iowa State University Human Resources.
- FY16 salary increases continue the systematic movement of employees who are lower in their pay grade while continuing to reward high performance.