



Human Resources

Compensation 101

A Foundation of Compensation at the University of Arizona





THE “WHY” OF COMPENSATION

Employee Impact

- How compensation affects employee motivation and performance.
- The role of compensation in attracting and retaining top talent.
- Framing compensation discussions around impact rather than just compliance.





THE IMPACT OF COMPENSATION

How Compensation Excels

- **HR & Supervisor Partnership:** Collaborative approach for fair compensation practices.
- **Bridging Intention & Implementation:** Clear guidelines ensure consistent application of compensation.
- **Trust Through Transparency:** Openness in decisions and processes builds employee trust.
- **Empowered Manager Communication:** Equipping leaders to discuss compensation with teams effectively.
- **Leadership-Supported Framework:** Developed with leadership input to reflect strategic goals.





Distinctive Elements of the Arizona Compensation Model

Unique Tools, Leading Practices, and Continuous Improvement

- The university employs a leading compensation approach in higher education.
- It offers diverse options for strategic acknowledgment.
- The university invests in advanced tools like JDXpert for consistent job evaluations.
- Our compensation team leads with expertise, often consulted by other universities.
- Supervisor feedback is crucial for refining our compensation practices.



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Tenets of the U of A Compensation Architecture

Industry Pillars of Compensation

1. Pay Philosophy
2. Compensation Strategy
3. Job Architecture
4. Salary Market Data
5. Pay Range
6. Legal Compliance
7. Compensation Policy
8. Communication





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Industry Pillars of Compensation

Pay Philosophy

- **Market Competitive:** Strives to offer competitive pay in the external markets to attract and retain talented employees.
- **Fair and Consistent:** Aims for equitable and consistent compensation practices across the university based on clear guidelines.
- **Supports Career Growth:** Utilizes a career architecture framework to define job levels and progression opportunities.
- **Compliant and Transparent:** Committed to legal compliance and providing accessible information about compensation processes.





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Compensation Strategy

- **Consulting with Units:** Navigates compensation needs.
- **Career Architecture:** Ensures internal equity through defined job levels.
- **Comprehensive Total Rewards:** Manages benefits and development opportunities.
- **Regular Review & Updates:** Ensures ongoing alignment and effectiveness.





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Job Architecture

- **Clear Job Framework for Understanding & Fair Pay:** Structures diverse roles via Functions, Families, and Levels for clarity and equitable compensation.
- **Supports Career Paths & Growth:** Helps employees visualize and navigate career progression within the university.
- **Ensures Consistent Compensation Decisions:** Provides a common language, leading to defined job categorizations.
- **Facilitates Market Benchmarking for Competitive Pay:** Organizes roles for effective comparison against external markets.





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Salary Market Data

- **Data-Driven Competitive Pay:** Uses external market data to confidently set competitive pay levels for comparable roles.
- **Multiple Sources for Accuracy:** Analyzes at least three data sources to ensure reliable and unbiased market valuation.
- **Strategic Data Selection:** Carefully choose data based on our talent markets, peer institutions, and relevant industries.
- **Ensuring Market Alignment:** Ensures the university's compensation remains aligned with prevailing market wages.





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Pay Ranges

- **Pay Ranges: Facilitators, Not Inhibitors:** Pay ranges define the minimum, midpoint, and maximum compensation for a job, reflecting market data.
- **Midpoint Represents Market, Not a Ceiling:** The midpoint of the pay range aligns with the market rate for a fully proficient employee in that role.
- **Ranges Allow for Growth and Flexibility:** Pay ranges accommodate various skill and experience levels and allow for salary growth over time. They also provide flexibility to respond to market fluctuations and individual employee qualifications.





ADDRESSING MYTHS AND MISCONCEPTIONS

Common Compensation Myth

- **Myth:** Midpoint is the "average" or "target" salary.
- **Reality:** Midpoint is a reference point in the salary range.
- **Myth:** Everyone gets the same raise.
- **Reality:** Raises are based on performance and other factors.



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Legal Compliance

- **Mandatory Legal Adherence:** Compensation policies strictly comply with all applicable laws.
- **Guiding Compliant Pay Decisions:** Clear policies and resources to direct supervisors in legally sound pay actions (increases, hires, etc.).
- **Ensuring Fair & Lawful Practices:** Robust policies protect the university and reinforce equitable employee treatment.
- **Foundation of Compensation Operations:** Legal compliance is the bedrock of all university compensation practices and procedures.





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Compensation Policy

- **Governing Pay Framework:** University policy sets fair and consistent compensation guidelines.
- **Establishes Job Classification:** Defines how jobs are categorized for appropriate job mapping and associated pay ranges.
- **Ensures Equitable Compensation:** Aims for fair pay based on job value and market data.
- **Supports Legal Compliance:** Promotes adherence to all relevant compensation laws.





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Communication

- **Aiming for Transparency:** The university strives to openly communicate its compensation philosophy and processes.
- **Employee Resources Available:** Pay range and increase information are accessible via HR website and UAccess.
- **Managers Facilitate Dialogue:** Equipped to discuss compensation principles with their teams.
- **Open Conversations Encouraged:** General pay practices are promoted between employees and their supervisors.





CASE STUDIES

Real-World Scenarios

Collaborating for Success:

- Multiple Divisions, including RII and Cancer Center, needed clarity for specialized Core Center/Shared Services Lab roles lacking direct market data.
- Compensation partnered with units to evaluate the scope and value-add of these highly specialized positions.
- A unique, tailored compilation of market data was created to assess the value of the duties accurately.

Outcome: Establishment of a new, distinct Job Family within the Research function.

Utilizing Compensation Strategically with the Campus Store:

- Unit of 30 FTEs sought an Assistant Director.
- Candidate, potentially overqualified, was identified.
- Salary discussion: Executive Director's initial concern about exceeding midpoint.
- Partnered with Compensation to justify the strategic offer above the midpoint.

Outcome: Successful hire, showcasing flexible and strategic compensation application.

