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## Executive Summary

Over the past five months, we have spent many hours interviewing individuals, supervisors, administrators, groups, and committees, as well as receiving many emails and reviewing numerous files, either solicited or unsolicited, from different constituencies. Many of those with whom we have had interactions or communications are listed in the “Meetings and Interviews” section of this report. While these individuals, groups, and/or committees each have different perspectives of the relevant issues, there are numerous areas in which “common ground” exists regarding the issues. The most emphasized and sought after corrections among all constituents are those issues related to having a “fair and consistent compensation system,” having “systems that are simple to understand,” having an “equitable and fair system,” and having systems in which “employees can have confidence.”

Another consistent concern we heard from the presidents, the committees, the committee representatives, and/or the employees was the need for fully funding a salary structure, one that contains a set of binding salary “floors.” At all levels, the overriding opinion is that it is the legislature’s responsibility to supply the money to fully fund the salary structure. It would seem to us that the institutions receive money from many sources and have the responsibility to spend that money to meet their objectives, which clearly include salaries. An exception would be the use of grant money for specific projects. However perceived, a systematic approach is needed to resolve this issue. Alternative solutions are suggested later in this report.

Another area of “common ground” among various constituents is the need to address performance assessment issues. Not all institutions have implemented a performance assessment system that is consistent, fully deployed, meets the needs of individuals, supervisors, human resources, the institutions, and West Virginia’s two higher education systems. In some cases, performance assessment does not appear to be utilized at all. Without a systematic, consistent, fully deployed performance assessment program, it is difficult to determine whether performance goals have been addressed, monitored, achieved, and/or updated. In addition, without such a system, non-performers may receive equivalent rewards to outstanding performers. Further, the identification of training and development needs, continuing education, certification, technology, system maintenance, and support cannot easily be identified or addressed without periodic and systematic assessment. The ability to reward employees is hampered without such a system, as is the ability to recruit, motivate, and retain employees while maintaining internal equity, pursuing external competitiveness, upholding accountability, and meeting fiscal responsibility. Several performance assessment tools and procedures that meet best practices exist within the institutions and can be implemented system-wide if desired. Solutions to this issue are also discussed later in this report.

There are also issues that do not fall into the “common grounds” category. For example, one perspective we repeatedly heard from various sources is that “Management states they cannot afford to fund certain salary increases; yet they seem to be able to easily reclassify a

position from classified to nonclassified and then give the incumbent(s) more money. If they can spend it on nonclassified, why not leave it as classified and spend the same money?" This statement focuses on two issues: a) the need for a fully funded salary system; and b) the situation regarding nonclassified positions. These two issues are at the heart of much of discord within the system and are paramount to developing solutions to numerous existing problems. These issues are discussed later in this report as well.

Another consistent issue is the lack of trust employees have regarding supervision and human resources personnel. For example, numerous groups and individuals expressed a feeling that neither supervisors nor human resources personnel have any interest in the employee's welfare. These employees feel they have no recourse when they perceive that the supervisor treats them unfairly. Some indicated that when they address such issues with Human Resources, the response seems to reflect that "they should be glad they have a job and should get back to work." These issues must be addressed as well, especially since they will have an impact on the implementation of a credible performance assessment system. They will be discussed later in the report.

Another concern addressed an apparent inconsistency within the use of the Position Information Questionnaire (PIQ). For example, one decision-maker noted that for a particular job opening, he "sent the position to three different "HR professionals" who are members of the Job Classification Committee to evaluate and received three different numbers (14, 15, and 16). The job had already been advertized, further complicating the issue, and the scores were also out of alignment with other jobs in that office." It is also obvious that there is considerable misunderstanding about the nature of the Position Information Questionnaire, how it is developed, used, and how it does or does not relate to or replace a job description.

The above are examples of some of the concerns most frequently expressed. In the remainder of this report we address these and many other issues. Among our suggestions that fall at the forefront is that the legislature should consider the possibility of removing the salary schedule (i.e., the Pay Structure) from the State Code, thus requiring the institutions to develop their own competitive salary structures. If that occurs, a decision has to be made as to whether each institution can afford to fund that competitive structure. The institutions should not be spending monies that have been set aside for a salary structure in order to address the needs of some other item(s).

### ***Brief Summary of Recommendations***

The consultants were tasked by the West Virginia Legislature's Joint Committee on Government and Finance (Joint Committee) to review §18B-9-1 of the State Code, which requires the Higher Education Policy Commission (HEPC ) and the West Virginia Council for Community and Technical College Education (CCTCE) jointly to establish, control, supervise, and

manage a complete, uniform system of personnel classification for all employees other than faculty and nonclassified employees at state institutions of higher education.

More specifically, we were asked to review and make recommendations regarding current staff capabilities and future staffing needs at the central office of the HEPC and CCTCE to implement, maintain, and advance an integrated, system-wide human resources strategy in the areas of classification and compensation, training and development or continuing education, technology, system maintenance, support staff, best utilization of current human resources and technology personnel; and furtherance of best human resources practices.

We were also asked to review current staff training and credentials, including duty assignments, responsibilities, evaluations, and past performance in maintaining system structures and implementing state statutes and rules. Further, we were asked to make recommendations for determining necessary staffing patterns, including the feasibility of creating a director of personnel position in the central office responsible for implementing and maintaining effective, efficient, integrated statewide personnel systems consistent with the provisions of W. Va. Code §18B-9-1 and the recommendations of the Select Committee on Higher Education Personnel.

Further, we were asked to make recommendations on numerous other areas of concern. Below is a brief summary of our responses and recommendations regarding many of these tasks:

- We were asked to review the **Central Office** staff and staffing needs and to examine the feasibility of creating a director of personnel position in the central office responsible for implementing and maintaining effective, efficient, integrated statewide personnel systems consistent with the provisions of W. Va. Code §18B-9-1. If such changes are to be pursued, with a restructuring and implementation of such changes, we recommend a minimum of three positions at the HEPC and CCTCE Level. These positions, which are discussed in much more detail later, should be given the following titles or similar titles, as determined by appropriate directors and/or upper management:
  - Vice Chancellor or Vice President of Human Resources
  - Director of Compensation, Benefits, & HRIS
  - Director of Training and Development
- We were asked to examine the **Classification Structure**. We suggest solidifying the Classification Structure through various means. For example, we recommend revising each factor and degree based on the changes made by the Job Classification Sub-Committee in their document dated October 8, 2009.
- We recommend maintaining a Job Classification Committee to be led by the newly created position of Director of Compensation, Benefits, & HRIS. Membership on the

committee should consist of nine individuals and be based on three-year terms. The positions should be rotated within the membership in order to get participation from every institution. More specific details of this process are discussed later in this report.

- We recommend the revision of job titles to make them consistent across institutions. We have reviewed all titles and have suggested both a full job title and a consistent abbreviated title for each position.
- We recommend simplifying the Position Information Questionnaire (PIQ) and preferably convert to job descriptions (JDs) for each **position** and not for each **individual**.
- We were asked to examine the **Compensation Structure and System**. We recommend revising the Compensation Structure through various processes. For example, we suggest considering updating the salary structure to 90% of the market multiplied times the regional factor as a minimum structure.
- If available, we recommend utilizing surplus funds to bring each employee to his or her step in the current salary range based on service.
- Over a period of three years, we recommend moving to a pay-for-performance policy. Since the state already pays a stipend for tenure, allow each institution to enhance that stipend by awarding gifts for each service milestone (such as 1, 3, 5, 10, 15 years of service, etc.). These gifts would be one-time, nonmonetary gifts, with increasing values as the individual progresses through these service milestones. That is, we recommend adding rewards for seniority, whether gifts or lump sums, that are not to be added to base pay.
- We reviewed the issue of whether the salary structure should continue to be included within the State Code. We suggest considering the removal of the salary structure from the State Code as an objective. This could be done immediately, or it could be done over a period of time, after a number of the recommendations have been put into place and have been operating successfully over a specified period of time.
- If the structure is not continued in the State Code, we recommend requiring each institution to develop its own structure as a percentage above or below the Market-based structure developed each year and fund it based on its operating budget. We suggest adjusting such structure(s) each year based on the competitive increase in wages. Further, at least every three (3) years, each institution (or the statewide system) should conduct a full competitive market study and adjust the structure(s) to meet the market.
- We were asked to review the **Performance Management System**. The Performance Appraisal Committee has recommended a performance appraisal (PA) format that is consistent with best practices, as has West Virginia University. Such best practices PA systems should be implemented at all institutions as soon as possible, and every institution should be held to what the State Code currently stipulates. The format of the PA should be electronic so that the tracking of completed appraisals can be done efficiently and easily monitored.
- We recommend implementing either the recommendations of the Sub-Committee or the WVU System.

- We recommend requiring all campuses to conduct performance appraisals at least once a year.
- We recommend developing training modules and requiring all supervisory personnel to go through the training. The training modules should focus on the roles of both supervisors and employees in the performance appraisal process.
- We were asked to review the **Professional Development System**. We suggest changing the name of this system to Training and Development. We also note that the existing Training and Development Sub-Committee has recommended over 20 items that should be accomplished. We suggest making those items the first order of business for the Director of Training and Development.
- We also reviewed the status of the **Human Resources Information System(s)** (HRIS), as it relates to the Central Office, the Classification Structure, the Compensation Structure, the Performance Management System, and the Professional Development System, as well as other functions of the institutions. While we have no objections to the use of PeopleAdmin for many functions, it is not a true HRIS. That is, it does a good job of handling applicant flow and recruitment, performance appraisal, and job descriptions. However, we recommend the use of a true HRIS that also includes employee data that can be changed on line, is web based, has manager self-service, and has employee self-service. A true HRIS system could also be configured to handle all state employees in one system if desired, thus giving the HEPC, CCTCE, and the legislature Education Committee access to critical data they need for various concerns and actions.
- We were asked to review the **Accountability, Statutes, and Roles**. We suggest beginning this process by conducting audits of the HR functions for all institutions on a scheduled basis, beginning with the first quarter of 2010. Thereafter, HR audits should be conducted at least every five years in a systematic basis.
- We were asked to review the role of the **Select** Committee and its continuation. We recommend that the Select Committee continue its work through 2010.

## The Full Report

In September 2009, we were contracted by the West Virginia Legislature's Joint Committee on Government and Finance (i.e., the Select Committee) to provide an analysis of personnel issues affecting employees in West Virginia's two higher education systems within the authority of The West Virginia Higher Education Policy Commission (HEPC) and the West Virginia Council for Community and Technical College Education (CCTCE). In general, we were asked by the Select Committee to conduct research, review various documents such as Senate Bill 603 and other legislative documents, examine various reports by numerous committees or sub-committees, interview a wide variety of individuals at various levels within the two systems, and conduct research regarding the approaches, models, and best practices used by the various human resources (HR) functions within the two systems. Various subcommittees were previously tasked with addressing specific issues related to human resources, including the following Committees or Sub-Committees: a) The Classification Sub-Committee, b) The Market Study Sub-Committee, c) The Compensation Steps Sub-Committee, d) The Performance Management Sub-Committee, and e) The Professional Development Sub-Committee. More specifically, the areas we were tasked to review and subsequently make recommendations on were:

1. The Central Office Staff
2. The Classification Structure
3. The Compensation Structure and System
4. The Performance Management System
5. The Professional Development System
6. The Accountability, Statutes, and Rules
7. Next Steps
  - a. Determine whether the Select Committee needs to continue, and if so, the future role of that committee.
  - b. Research Methods to Address Topics remaining in the study required by the West Virginia Code § 18B-1B-13.
    - i. Reduction in Force/Furloughs
    - ii. Outsourcing
    - iii. Best practices and work process improvement
    - iv. Evaluation of the faculty salary structure and promotion process
    - v. Determining feasibility of reducing percentage of employees holding nonclassified status to promote system(s) integration.
  - c. Selection of the most effective, user-friendly, cost-efficient technology to integrate the system(s).

Most of these tasks have been briefly discussed in the Executive Summary. They are discussed in more detail in the full report. They will be presented in the order outlined above.

### ***Guiding Principles for this Report***

The Select Committee asked us to keep in mind several guiding principles throughout this examination of personnel and human resources management. These guiding principles are defined as follows:

- Fairness
- Accountability
- Credibility
- Transparency
- Systematic

### ***Approaches Used to Address these Tasks***

In order to perform the work, we held numerous meetings with various chairs and members of the sub-committees, as well as reviewing documents made available by these individuals, groups, or committees. We evaluated these reports and efforts, using present best practices to make comparisons whenever possible. We have also developed recommendations to assist the HEPC and CCTCE members as they establish and/or modify, control, supervise, and manage a complete, uniform system of personnel classification for all employees (other than faculty and nonclassified employees) within the State of West Virginia's public institutions of higher education.

### ***Meetings and Interviews***

In the process of developing these recommendations we personally met with the following individuals and groups:

1. Classification Sub-Committee (Stephanie Neal, Chair)
2. Market Study Sub-Committee (Terry Nebel, Chair)
3. Compensation Steps Sub-Committee (Robert A. "Zac" Wycherwy, Chair)
4. Performance Management Sub-Committee (Jim Morris, Chair)
5. Professional Development Sub-Committee (Brian Warmuth, Chair)
6. Margaret Buttrick (HR Administrator)
7. Paul Martinelli and Zac Wycherley (Representing the Compensation Steps Committee)

8. Stephanie Neal, Chair, Classification Committee; Jim Skidmore, Chancellor, Community and Technical College System (CTCS); and Bob Brown, Council Chair for CTCS
9. Stephanie Neal, Chair, Classification Committee; Amy Pitzer, Classification Committee; and David Lord, representing the Classification Committee
10. Steve Leach, Fairmont State University, Director of Human Resources; and Nancy Taylor, West Virginia Higher Education Policy Commission, Associate Statewide Coordinator Veterans' Education Programs, and Chair, HEPC Classified Staff Council, representing the Professional Development Committee
11. Terry Nebel, Chair, West Virginia University, Office of Technology, Data Specialist, and WVU Classified Staff Council Chair, representing the Market Study Committee
12. Brian Nolan, Chancellor, HEPC
13. Bob Brown, Council Chair CCTCE
14. Jim Skidmore, Chancellor, CCTCE
15. West Virginia Legislature's Joint Committee on Government and Finance (i.e., the Select Committee)
16. Senate President Earl Ray Tomblin, House Speaker Richard Thompson; Senator Robert Plymale; and Delegate Mary Poling
17. Advisory Council of Classified Employees (ACCE)
18. Senator Robert Plymale and Delegate Mary Poling
19. Steve Leach (Fairmont State University, Director of Human Resources); Rick Porto (Vice President for Administrative and Fiscal Affairs, Fairmont State University); Elizabeth McCutcheon (Human Resources Representative, Fairmont State University); and Bryan Dotson (Southeast Regional Sales Manager, People Admin). This meeting included the review of PeopleAdmin and its potential for integration with a Human Resources Information System (HRIS).
20. CCTCE Presidents: Dr. Pete Checkovich, President, Blue Ridge Community and Technical College; Dr. Jo Harris, President, Bridgemont Community and Technical College; Mr. Robert Sisk, Interim President, Eastern WV Community and Technical College; Dr. Joe Badgley, President, Kanawha Valley Community and Technical College; Dr. Keith Cotroneo, President, Marshall Community and Technical College; Dr. Ted Spring, President, New River Community and Technical College; Mr. Blair Montgomery, President, Pierpont Community and Technical College; Mrs. Joanne Jaeger Tomblin, President, Southern WV Community and Technical College; Dr. Martin Olshinsky, President, West Virginia Northern Community College; Dr. Marie Foster Gnage, President, West Virginia University at Parkersburg.

21. HR Directors
22. Second meeting with Senator Robert Plymale and Delegate Mary Poling
23. Second meeting with West Virginia Legislature's Joint Committee on Government and Finance (i.e., the Select Committee)
24. HEPC Presidents: Dr. Albert L. Walker, President, Bluefield State College; Dr. Gregory F. Aloia, President, Concord University; Dr. Thomas L. Krepel, President, Fairmont State University; Dr. Peter B. Barr, President, Glenville State College; Dr. Stephen J. Kopp, President, Marshall University; Dr. Suzanne Shipley, President, Shepherd University; Mr. Robin Capehart, President, West Liberty University; Dr. Richard Rafes, President, West Virginia School of Osteopathic Medicine; Dr. Hazo Carter, President, West Virginia State University; Dr. James P. Clements, President, West Virginia University.

We also identified and reviewed best practices of human resources in both a) higher education institutions and in b) industry in general. This information has been utilized to provide benchmarks for recommended solutions whenever possible and appropriate.

# Tasks to be Addressed

## 1. Central Office Staff Tasks and Reviews

Regarding the Central Office Staff, the consultants were to:

- a. Review and make recommendations regarding current staff capabilities and future staffing needs of the HEPC and CCTCE to implement, maintain, and advance an integrated, system-wide human resources strategy in the areas of a) classification and compensation, b) training and development or continuing education, c) technology, d) system maintenance, e) support staff, f) best utilization of current human resources and technology personnel, and g) furtherance of best human resources practices.
- b. Review current staff training and credentials, duty assignments and responsibilities, evaluations and past performance in maintaining system structures, and implementing state statutes and rules.
- c. Make recommendations for determining necessary staffing patterns, including the feasibility of creating a position of director of personnel in the central office who will be responsible for implementing and maintaining effective, efficient, and integrated state-wide personnel systems consistent with the provisions of W. Va. Code §18B-9-1 and the recommendations of the Select Committee on Higher Education Personnel (Select Committee).

Summarizing our review based on information gathered from numerous sources, it appears that the human resource (HR) staffs at the various institutions are sometimes perceived to not implement HR policies in the same way and/or do not have a uniform approach state-wide. In some cases concerns have been voiced that HR departments perhaps do not implement them at all or implement some HR actions contrary to stated policy. Such perceptions, whether founded or unfounded, result in confusion between campuses and feelings of unfairness among employees.

In order to bring consistency to the application of human resources policies while allowing some flexibility at the institutional level, we recommend that a central human resources function be developed for the HEPC/CCTCE. This function would be responsible for writing a consistent policy for all of the institutions, allowing for modifications and flexibility where necessary and appropriate to fit uniquely different situations.

We recognize there is substantial concern among executives in the two West Virginia higher education systems regarding “enmeshing” too much responsibility into a centralized system, either by statute or by HEPC/CCTCE regulations. Our recommendations are to leave hiring/selection and other day-to-day decisions fundamentally in the hands of the individual

institutions, as long as they are in compliance with State and Federal statutory regulations. We also recognize that “fiscal developments and public policy initiatives” will continue to “put increasing demands on [all] institutions for productivity and accountability,” especially in the areas of “student progress, retention, and graduation.” Thus, any policy changes should be made with these increasing demands in mind and should be responsive to such demands, instead of being a detriment to them. Employees should be held accountable at all levels, and institutions should be able to compensate talented new staff and successful continuing staff in a fair and equitable manner in accordance with regulations.

### ***1.a: Position Recommendations Regarding Central Office Staff***

We recommend that, at a minimum, the following three positions should be created and filled at the HEPC and CCTCE level:

**Vice Chancellor of Human Resources:** The incumbent of this position should report directly to the Chancellor of HEPC and the Chancellor of CCTCE.

**Director of Compensation, Benefits, & HRIS:** The incumbent of this position should report to the Vice Chancellor of Human Resources.

**Director of Training & Development:** The incumbent of this position should report to the Vice Chancellor of Human Resources.

We have provided a “brief job description” herein for each of these three positions. We have also developed a draft of a “full job description” for each of these positions, presented later in this document. See Appendix A for these full descriptions.

The role of a central HR staff is to be accountable for defining, developing, and implementing strategic human resource initiatives within the University System that are in compliance with both State legislation and Federal laws and are applied consistently across all institutions.

### ***1.b: Brief Job Descriptions for Central Office Staff Positions***

#### **The Vice Chancellor of Human Resources**

The incumbent of this position will support the Chancellors in a highly diverse range of issues, such as assisting the Chancellors in transitioning the organization’s culture to one of constant improvement in a very rapidly changing, complex market. The incumbent will also design/implement business-related initiatives involving organizational design, labor cost management, executive recruitment/compensation, leadership/management development, human resources data/technology, and compensation/benefit programs.

The incumbent should be a seasoned professional with a Graduate Degree in Business Administration, or in Human Resources Management, or in a related field. The incumbent should have at least fifteen (15) years of commensurate experience in a leadership role in a human resource function. Experience in at least three human resource functions is preferred. Special skills required include business acumen, strategic planning, organizational assessment, highly developed leadership and interpersonal skills, and quantitative analytical abilities.

We recommend that initially the top Human Resources person at each institution should report to this person, at least for the first several years. Once many of the issues facing the human resources staff are resolved and all are working in harmony, the Human Resources directors at each institution could then transition to reporting on a dotted-line relationship with the Central HR for HR issues and to the institution's President directly on day-to-day issues.

### **The Director of Compensation, Benefits, & HRIS**

The incumbent of this position is accountable for all compensation and benefits programs for all employees, including the design of such programs, as well as supporting each institution in the implementation and administration of these programs. Support will vary by institution, depending upon the expertise of the local institution's Human Resources staff. Compensation duties will also include developing a consistent format for job descriptions and overseeing the classification committee in order to ensure consistent classifications across the many institutions.

The incumbent is also responsible for overseeing consistent HRIS systems and for the selection and supervision of benefits consultants, brokers, trustees, and necessary legal assistants.

He or she must be a seasoned individual with a Graduate Degree in Business Administration or Human Resources Management, hold a current Certified Compensation Professional (CCP) certification or a widely recognized, acceptable, comparable certification, have at least 10 years of experience in compensation, and possess the ability to work with a diverse workforce and with institutions of all sizes.

## **The Director of Training and Development**

The incumbent of this position is accountable for analyzing and determining training needs of the many institutions, as well as formulating and developing plans, procedures, and programs to meet specific training needs and problems. This individual will develop, construct, maintain, and revise training manuals and training aids and/or may supervise their development by outside suppliers. This individual will also plan, conduct, and coordinate management inventories, employee satisfaction surveys, appraisals, placement, counseling, and training, and will coordinate participation in outside training programs by organization employees.

He or she must be a seasoned individual with a bachelor's degree in Organization Development, Counseling, Education, or Human Resources, although a master's degree is strongly preferred. This individual should have a minimum of eight years of progressive responsibility in training, organization development, and/or human resource development in related areas, as well as a minimum of four years of direct experience supervising or managing a team. This staffing recommendation is consistent with the recommendations of the Subcommittee on Professional Development, set forth and cited below:

Establish a Director of Training and Development in HEPC responsible for facilitating the delivery of training and development activities in West Virginia's institutions of higher education.

This will help eliminate duplication of efforts across institutions and allow the state to create and capture economies of scale in training and development. The individual should hold certification through the American Society for Training and Development (ASTD)<sup>®</sup> or a widely recognized, acceptable, comparable certification.

## 2. The Classification Structure

We were asked to review the classification structure and the work of the Classification Subcommittee in order to make final recommendations for approval and implementation of a centralized system of classification. In response to this particular charge, we performed the following tasks:

- We met with the Market Study and Compensation Steps Subcommittees to review their work and make recommendations relating to salaries.
- We reviewed and analyzed market data and have developed salary structure/structures for systems-wide implementation.
- We determined and thus recommend various intervals at which future market studies should be performed in order to keep the system current.
- We have made recommendations for funding methods and divisions of funding responsibilities between the State of West Virginia and the institutions.
- We have made recommendations for a total rewards system including assessing the feasibility of applying years of service, merit, and credit for additional education and training.

### ***2.a: Best Practices***

Job classification or job evaluation is a technique that strives to provide a systematic, rational, and consistent approach to defining the relative worth of jobs within an organization. Job evaluation is a system for analyzing and comparing different jobs and placing them in a ranking order according to the overall demands of each one. ***It is not concerned with the volume of work, or with the person doing it, or with determining pay.*** It is used in order to provide the basis for an equitable and defensible pay structure, particularly in determining equal pay for equal work. Job evaluation programs can be divided into two main categories: a) non-analytical and b) analytical. In non-analytical programs, a job is compared with other jobs as a whole, but such programs have a limited use, because they are unlikely to succeed as a defense against an equal work claim. In an analytical program, a job is split up into a number of different aspects; and each factor is measured separately. The main types of analytical programs are factor comparison, point-factor rating, competency-based programs, and the profile method.

Two common methods of job evaluation have been widely used. The first method is a system based on whole job ranking, where jobs are taken as a whole and ranked against each other. The second method is a system based on awarding points for various aspects of the job. In the points system, various aspects or parts of the job are assessed, and a point value is determined for that component of the job. As an example, the education and experience required to perform the job are assessed; and point values are assigned, where higher

educational requirements of the job are assigned higher point values. The most well known point scheme was introduced by Hay management consultants in 1951. This scheme evaluates job responsibilities in the light of three major factors---know how, problem solving, and accountability.

### ***2.b: Some Principles of Job Evaluation***

The following list provides a set of generally accepted human resources practices commonly recognized and accepted in the industry regarding the principles of job evaluation. They should be carefully reviewed whenever modifications of the Classification Structure and Job Evaluation system take place:

- Clearly defined and identifiable jobs must exist. These jobs will be accurately described in an agreed upon job description.
- All jobs in an organization will be evaluated using an agreed-upon job evaluation scheme.
- Job evaluators will need to gain a thorough understanding of the job
- Job evaluation is concerned with jobs, not people. It is not the person that is being evaluated but the job itself. This needs to be very clear to everyone.
- The job is assessed as if it were being carried out in a fully competent and acceptable manner.
- Job evaluation is based on judgment and is not scientific. However, if applied correctly it can enable objective judgments to be made.
- It is possible to make a judgment about a job's contribution relative to other jobs in an organization.
- The strong, consistent, reliable, and valid evaluation system should be one that meets the test of its acceptability to all participants.
- Job evaluation can aid organizational problem solving, as it highlights duplication of tasks and gaps between jobs and functions.

### ***2.c: Findings Regarding the Existing Job Classification/Evaluation System***

The following is an analysis of the components of the classification system, with recommendations for improvements in the compensable factor definitions and weighting and with relevant market survey findings. In late 2008 and early 2009 we conducted an in-depth review of the job classification system currently in use and submitted our report in late January 2009. Since our earlier review, there have been some minor changes to further clarify terminology in some of the factor and degree definitions. However, we did not find anything that would change our earlier analysis. Therefore, we recommend that the Job Classification Sub-Committee adopt the changes the sub-committee made in their document dated October 8, 2009. A brief summary of our

analysis is provided below. After a thorough and extensive review of the job evaluation methodology and the changes made by the Job Evaluation Committee, we offer the following comments, conclusions, and recommendations:

- Most of the changes recommended by the Job Evaluation Committee are minor in nature, such as clarifying terminology and the inclusion of part-time jobs by the use of full time equivalent employees under Direct Supervision.
- The addition of half-points by the Job Evaluation Committee is a concern, as it changes the original intent of the evaluation system.
- Half-points are included in the evaluation for five of the factors: 1) Knowledge, 2) Experience, 3) Complexity and Problem Solving, 4) Freedom of Action, and 9) Direct Supervision Exercised.
- The half-point for experience on the job of “supervisor of motor pool” may be an error, as that is the only job with half-points on experience.
- There are just over 400 jobs with half-points in the evaluation. If we assume that these jobs would have been evaluated at the degree below the half point, (2 instead of 2.5), then:
  - There are 175 jobs that have no grade change because of the half-point changes.
  - There are eight (8) jobs that have been increased by two grades.
  - There are 231 jobs that have been moved up by one grade.
  - There are 686 jobs listed in the PIQ Summary tab of the spreadsheet we received. This means that  $686 - 175 - 8 - 231 = 272$  jobs do not have half-points.

If these jobs have not been reevaluated since the half-point system was introduced, they will need to be reevaluated in order to prevent a disparate impact on those employees who occupy those jobs. Disparate impact indicates that there is an unintentional discrepancy against a protected group, or in this case against those holding jobs that have not been evaluated with half-points versus those that have.

While we are not in favor of half-points in a job evaluation system, there are no hard and fast rules about the design of a job evaluation system, with the exception that the compensable factors have to be related to job content. Total points are simply the expression of the relativity of pay in the salary market. There are no value judgments in job evaluation plan design. Factor weights and points are calculated to capture the policy implicit in the salary market. There are no absolute principles of point progression within a degree, nor are there absolute rules about the proportional weights across compensable factors. However, half-points will tend to dilute the evaluation system.

If the Committee's revisions to the job evaluation plan were done to make the plan a better fit to the culture and business strategy of the organization, then we see no need to eliminate the half-points. Therefore, if the Select Committee is comfortable with the modifications of the Job Evaluation Committee, then our recommendation is to make these changes a permanent part of the job evaluation system. Keep in mind, however, that those jobs that have not been evaluated since the half-points were added need to be re-evaluated at the earliest time possible. That report, dated January 2009, is included in Appendix B.

### ***2.d: Continuation of the Job Classification Committee***

Job Classification or Job Evaluation is best done in a committee format. We recommend that the Job Classification Committee be continued, and it should be chaired by the Director of Compensation, Benefits, & HRIS. This committee should meet monthly to classify jobs. As briefly discussed earlier, the Committee membership should be as follows:

- There should be nine members of the committee.
- Both Human Resources and other classified employees should be on the committee.
- Committee members should have a term of three years on a rotational basis.
- Each year three members shall rotate off the committee, and three new members shall come on board in order to ensure representation from all campuses over time.
- The process for classifying jobs is for each individual committee member to evaluate the job on each factor and each member's evaluation of that job is posted, showing the committee member's rating of each factor.
- The committee chair will make note of the differences, lead a discussion of the rationale for each evaluation, and lead the committee to a consensus of the appropriate evaluation.

### ***2.e: Reviewing Benchmark Jobs and Summaries***

We have reviewed benchmark jobs and summaries as proposed by the Classification Sub-Committee. We recommend removing those jobs that have/had no data in the market study. See Appendix C for a list of those jobs.

### ***2.f: Restructuring of Job Titles and Job Families***

We were tasked to review all of the classified job titles and to restructure these job titles if possible in order to make them consistent across institutions. We have indeed reviewed all job titles, identified inconsistencies among job titles and job families, and have created two complete lists of titles current to 2009. The first of these two lists consists of job titles that are

completely written out. The second of these two lists consists of a set of shorter, abbreviated titles that are consistent throughout the system. These lists should be a tremendous asset to the Compensation Sub-Committee and to the Director when searching for common jobs. Without common titles, this task would be very time-consuming, to which we can personally attest. These job titles, in current, full and abbreviated versions, are included in Appendix D.

### ***2.g: Reviewing PeopleAdmin Software***

We have reviewed the feasibility of using PeopleAdmin software as the Human Resources Information System (HRIS). PeopleAdmin is good at what it does, but it is not a full Human Resources Information System. What is needed is more complex and has more functionality. See section eight (8) for a detailed discussion of PeopleAdmin and its potential as an HRIS.

### ***2.h: Concerns Regarding the Position Information Questionnaire (PIQ) Format***

With regard to job classification or job evaluation, we were asked to comment on the simplification of the Position Information Questionnaire (PIQ) format. A PIQ is typically an aide to position analysis, not the replacement of a **job description (JD)**. It is used to collect data that will allow a job analyst to write a position description for review and approval by the incumbent and supervisor. Our recommendation is that each of the PIQs be converted to a position description. This means that when there are many jobs for one position, then there is one position description. For example, a campus service worker or a campus police officer would need only one position description. The only information that would be different would be the institution for which they work. The Job Classification Committee, headed by the Director of Compensation, Benefits, & HRIS, should be responsible for this initiative and should be well-qualified to address this task.

In fact, the Compensation Sub-Committee has already taken steps to revise the PIQ in an effort to make it more user-friendly and simpler. We recommend continuing the use of the revised PIQ, with the goal of eventually converting the PIQs to job descriptions (JDs) that are generic and can ultimately be used by all campuses. See Appendix E for examples of a revised Position Information Questionnaire (PIQ) and a Job Description (JD). Also included is a “Guide to Writing a Job Description” in Appendix F.

### ***2.i: Developing an On-Campus Appeals Process***

We have developed an on-campus appeals process for classification disputes. A copy of this process is included in Appendix G.

## ***2.j: Creating and Enhancing Processes and Procedures***

We have been asked to discuss the creation and/or enhancement of processes and procedures relative to the classification system. As reported earlier, Job Classification or Job Evaluation is best done in a committee format. We recommend that the Job Classification Committee be chaired by the Director of Compensation, Benefits, & HRIS and meet monthly to classify jobs. The membership of that committee and its tasks and responsibilities were also described previously in this document. Additional consideration should be given to understanding that jobs should be defined as ladder jobs and non-ladder jobs. The ladder jobs would be slotted into the job ladder and have the same classification as current jobs. For example, the job ladder for Human Resources Representatives might look like the following:

<b>TITLE</b>	<b>Grade</b>
Associate HR Rep	14
HR Rep	16
Senior HR Rep	18
HR Business Partner	20

For each of these levels a job description would be prepared to cover the duties required and the typical requirements for skills, abilities to do the job in a competent manner. When the HR Representative has grown in the human resources function and is working at a higher level, he or she should be promoted to the Senior HR Representative instead of creating another PIQ. The establishment of job ladders would make it easier to update the job description and would not require having a PIQ for each person.

## ***2.k: Defining Consistent Terminology***

We have developed a detailed and rather complete glossary of terms that are widely used and accepted in both Human Resources and business arenas. We recommend that common terminology be adopted and integrated throughout the state-wide system(s). This glossary of terms is included in Appendix H.

## ***2.l: Recommending a Plan for Maintaining the Classification System***

We have been asked to recommend a plan for maintaining the classification system, including job family reviews, auditing process/procedures, and updating point factors/weighting. A job classification system is simply a measurement tool to rank jobs in an organization based on internal compensable factors such as knowledge, skills, abilities to get

the job done, and the type of working conditions under which it is done. If the classification or evaluation system is developed correctly, there should be no need to revise it every time it is used. It should only be revised if the technology has changed, thus requiring different skills and abilities to do the job. Even then, in most cases the job can still be classified or evaluated with the same instrument. Think of the classified system as a 12 inch ruler that is used to measure a piece of material. As the material gets larger, one might best use a yard stick instead of a ruler; or if it gets even larger maybe a 100 foot tape measure should be used. However, the inch is still the same---there are just more of them in each expanded measurement tool! We recommend that job families be reviewed every five years.

### 3. The Compensation Structure and System

We were asked to review the issues related to compensation. In response to this particular charge, we performed the following tasks and made the following analyses:

- We met with the Market Study and Compensation Steps Subcommittees to review their work and make recommendations relating to salaries.
- We reviewed and analyzed the market data and developed a salary structure or structures for systems-wide implementation.
- We recommended intervals at which future market studies should be performed in order to keep the system current.
- We made recommendations for funding methods and division of funding responsibility between the state and the institutions.
- We made recommendations for a total rewards system including assessing the feasibility of applying years of service, merit, and credit for additional education and training.
- We reviewed “best practices” to guide the analysis of the compensation structure.

#### *3.a: Best Practices for a Compensation Structure*

One of the mainstays of a compensation program is a pay or compensation structure. An organization’s pay structure is an administrative tool designed to reflect that organization’s pay philosophy and to provide a visualization of the relationships among pay grades. A pay structure is an array of wage rates that cover all of the jobs in the structure. It has at least three reference points - the minimum, midpoint, and maximum.

- **Minimum of Pay Grade:** The minimum of a pay grade represents the smallest monetary amount for that grade.
- **Midpoint of Pay Grade:** The midpoint of a pay grade represents a monetary amount that falls at the middle point of the pay grade. The midpoint is usually based on some characteristic of the market, arbitrarily selected from among the market mean, median, or other value (such as P<sub>75</sub>, P<sub>25</sub>, etc.). It represents the market rate as defined by the organization.
- **Maximum of Pay Grade:** The maximum of a pay grade represents the maximum monetary amount for that grade.

The pay range is designed to pay for performance and includes employees who are new hires as well as long term employees. Typically an employee is hired between the minimum of the range and the midpoint of the range. Their salary is then increased as their performance is increased and for competent performance they should be paid at the midpoint plus or minus 4% or 5%. The range above the midpoint should be reserved for those employees who are consistently performing above meeting the normal expectations.

**Job Grade:** A job grade (i.e., pay grade) is one of the classes, levels, or groups into which jobs of the same or similar value are grouped for compensation purposes. Usually, all positions in a grade have the same pay range: minimum, midpoint, and maximum. For example, a job grade might look like the following:

<b>Minimum</b>	<b>Midpoint</b>	<b>Maximum</b>
\$80,000	\$100,000	\$120,000

### ***3.b: Questions Regarding the Format of a Pay Structure***

When establishing a pay structure, there are a number of questions that must be answered. The following represent questions that must be decided upon regarding the format of a pay structure:

1. How many structures are needed?
2. How many classes or grades should be in the structure?
3. How far apart should the midpoints be?
4. How wide should each range of the grades be?
5. How much should the ranges overlap?
6. How should the midpoints relate to the market? That is, should they be at the market at the end of the fiscal year, at the beginning of the year, or in the middle of the year?

### ***3.c: Responses to the Structure-Related Questions***

#### **3.c.1: How many structures are needed?**

This question is difficult to answer unless the organization and its business strategy are known. Typically, there are three structures – one for exempt employees, one for non-

exempt employees, and one for organization officers. Here are a few options and associated reasons why an organization would want more than one structure.

Typically a company will have at least two structures, one for exempt employees and one for non-exempt. The reason for having these two structures is that the groups are paid differently. That is, non-exempt employees receive overtime pay and other items as outlined in the Fair Labour Standards Act and state regulations. Other organizations might include a separate structure for officers within the organization and sales personnel.

### **3.c.2: How many classes or grades should be in the structure?**

The answer to this question is a function of the lowest market rate and the highest market rate of the positions being graded, along with the difference in the midpoints. If the decision has been made to have midpoints that are equal-distant apart, then determining the number of classes or ranges becomes a simple mathematical equation.

### **3.c.3: How far apart should the midpoints be?**

The concept of midpoint differences is based on the different size of the specific jobs. For example, an assembler job I vs. an assembler job II would be closer together in terms of knowledge, skill, effort, responsibility, and working conditions than, for example, a director of compensation and benefits vs. a manager of compensation. For non-exempt jobs, the midpoint difference is typically 8 to 10 percent. For exempt jobs, the midpoint difference is typically 15 to 25 percent. The actual percent difference depends on the organization's compensation philosophy relating to job families, movement within job families, promotions within families, promotional increases, and other factors.

When developing a compensation structure, the jobs that are lower in the organization's hierarchy typically will have midpoints (market rates) that are closer together than the jobs that are higher in the organization. The reason for this is that positions higher in the organization require more complex skills, abilities, and more experiences. For example, it requires less skills and abilities for someone to move from an entry level engineer to a journeyman engineer than it does for someone to move from a director of manufacturing to a vice president of operations. Therefore, the difference in midpoints for the two levels of engineer is typically closer than for the director to the vice president.

### **3.c.4: How wide should each grade be?**

A related question is why should an organization use a salary range or grade instead a specific salary for each job? A salary range is typically used in order to pay a different rate to the individuals on the job for different performance levels of those individual employees. The salary range minimum for the specific job is set at the hiring rate for an individual with no experience. The range midpoint is set at the market rate and is paid for those employees who are competent on the job. The difference between the market rate and the maximum of the range is reserved for those employees who are performing above the competent level.

For a job that is not very complex and in which the time frame to move from the hiring rate to the competent rate is comparatively short, the range spread (difference in minimum and maximum) will be smaller than the difference for a job that is complex and in which the time frame to move from the hiring rate and competent level is longer.

A typical range spread is from 30 percent to 40 percent for non-exempt jobs and from 50 percent to 60 percent for exempt professional jobs and 50 percent to 70 percent for executive jobs.

### **3.c.5: How much should the ranges overlap?**

Range overlap is a function of the number of grades and the difference in midpoints. A good “rule of thumb” is to have one range to overlap no more than two higher ranges. While this serves as a good rule of thumb, it is not a hard and fast rule and is often based on arbitrary decisions. The actual range overlap is once again a product of the organization’s compensation philosophy.

### **3.c.6: How should the midpoints relate to the market? Should they be at the market at the end of the fiscal year, at the beginning of the year, or at the middle of the year?**

When developing salary ranges, the compensation analyst must consider the fact that once ranges are set, they typically do not move for at least one year, sometimes longer. Therefore, range midpoints are static, while the market upon which they are set is dynamic and is constantly moving. If one sets the salary ranges at the market rate as of the beginning of the year (a Lag Policy), then they will be behind the market for the remainder of the year. On the other hand, if they set the midpoints at the market rates projected to the end of the year (a Lead Policy), they will, at least in theory, be ahead of

the market until the end of the year. A compromise often used is to set the midpoints of the grades equal to the market at the midway point of the fiscal year (a Lead/Lag Policy), thus allowing the organization's structure to be ahead of the market for the first half of the structure year and behind the market for the last half of the year.

### **3.d: Market Data's Role in Adjusting a Compensation Structure**

Another piece of information needed to develop a compensation structure is the market rate for, at a minimum, the benchmark jobs. **Benchmark jobs** are jobs that most organizations have and as such are pretty common. Jobs such as payroll manager, secretary, engineer, etc., often serve as benchmark jobs. While these jobs serve as a minimum, compensation specialists prefer to have a salary survey that matches most of the jobs in the organization's workforce. Once market data have been obtained, it is easy enough to juxtapose the market data into a spreadsheet with the specific job to which it has been matched. However, the work has just begun in this development of a compensation structure, as all of the previous questions listed herein have to be answered before the structure of salary ranges can be built. What is usually done is to sort the spreadsheet by the market data from lowest to highest. The lowest market rate becomes the lowest midpoint and the highest market rate becomes the highest midpoint. We then decide how far apart we want our midpoints and then build a formula that will create the other midpoints. Based on these concepts, we have developed a compensation structure as shown in Figure 1.

**Figure 1: Example of a Proposed Structure**

Numbered Grades	Actual Grade Number	Minimum of Range	Midpoints	Maximum of Range
1	4	\$14,082.40	\$17,603.00	\$21,123.60
2	5	\$15,701.86	\$19,627.33	\$23,552.79
3	6	\$17,507.56	\$21,884.45	\$26,261.34
4	7	\$19,520.91	\$24,401.14	\$29,281.37
5	8	\$21,765.80	\$27,207.25	\$32,648.70
6	9	\$24,268.84	\$30,336.06	\$36,403.27
7	10	\$27,059.74	\$33,824.67	\$40,589.61
8	11	\$30,171.58	\$37,714.48	\$45,257.37
9	12	\$33,641.28	\$42,051.60	\$50,461.92
10	13	\$37,510.00	\$46,887.50	\$56,265.00
11	14	\$41,823.61	\$52,279.51	\$62,735.42
12	15	\$46,633.28	\$58,291.61	\$69,949.93
13	16	\$51,996.07	\$64,995.08	\$77,994.10
14	17	\$57,975.56	\$72,469.45	\$86,963.34
15	18	\$64,642.70	\$80,803.37	\$96,964.04
16	19	\$72,076.54	\$90,095.68	\$108,114.81
17	20	\$80,365.27	\$100,456.59	\$120,547.91
18	21	\$89,607.20	\$112,009.00	\$134,410.80

### ***3.e: The Characteristics of a Compensation Program***

The characteristics of a compensation program are based on many factors and organizational requirements. The following items are important issues in developing this compensation program:

- Internally equitable
- Externally competitive
- Affordable
- Legal and defensible
- Efficient to administer
- Capable of being reshaped for the future
- Appropriate for the organization it purports to reward.

An increase in the cost of living (a form of inflation) is just one factor that should influence annual salary adjustments. Equally important are labor supply, competitor hiring, and staff productivity factors. Every supervisor and/or manager is challenged to make decisions that provide fair and equitable compensation for employees. In the absence of a rational frame of reference, these decisions may reflect only pay rates negotiated at the time of hire, the perceived importance of an individual's traits, or the supervisor's personal estimates of compensation trends. This may lead to a pattern of pay rates that is difficult to defend or evaluate. A properly designed base pay structure can provide an invaluable and creditable basis for making pay decisions and establishing a sound foundation for analyzing and comparing other forms of direct and indirect compensation.

A base structure is essentially an administrative construct that incorporates the internal value or rank of jobs and external or competitive rates of pay into a basic scheme of approved limits and targets for base pay. The structure design process requires express consideration of an organization's pay philosophy, cost/budget constraints, and performance management systems. Last, but not least, a base pay structure provides a firm basis for communicating pay decisions and the total compensation package to employees. To quote the Corporate Leadership Council:<sup>1</sup>

“The old economy tradition of having one pay structure has become obsolete. Firms now establish multiple pay structures, one for clerical and administrative jobs, another for IT & Network jobs, another for outside plant jobs and yet another for managerial and executive positions.”

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<sup>1</sup> Corporate Leadership Council, “Compensation Philosophies in the Current Economy,” September 2001

“Current trends in total compensation reveal a lower base pay, greater emphasis on performance-based variable pay, long-term incentive compensation and non-cash reward and recognition practices such as benefits, perks and non-cash rewards and intrinsic rewards.”

“According to the October 2000 study, salaried employees receive total compensation comprising of base pay, incentive pay, and gain-sharing while non-exempt employees receive base pay, overtime pay and intrinsic rewards.”

“The decline in the stock price of a number of companies, particular companies in the technology sector, has resulted in a number of firms returning to the use of cash incentive to establish meaningful rewards. Goal sharing programs, project-based incentives and multiple measure business unit-based incentives are increasingly becoming components of total compensation plans.”

“Many companies have shifted from offering employees profit sharing rewards to goal-sharing rewards. When employees have little or no ability to directly affect the costs of profits, it is difficult for them to understand how their personal efforts link to company performance. Goal sharing rewards employees for meeting specific goals that are not necessarily linked to the bottom line as job performance and customer service.”

In a summary of findings from a recent study of best pay practices, sponsored by the **WorldatWork**, the majority of companies surveyed reported that they:<sup>2</sup>

1. Are paying at the middle of the labor market (i.e., between the 40<sup>th</sup> and 60<sup>th</sup> percentile). In fact, the vast majority of organizations (81%) reported that they have a base salary target between the 40<sup>th</sup> and 60<sup>th</sup> percentile.
2. Have salary ranges that are between 30% and 70% wide.
3. Adjust their salary ranges annually.
4. Formally assess individual performance and assigning performance ratings on a scale with three to five ratings.
5. Base their salary increases on assessment of individual performance. Pay increases are primarily determined by a combination of individual performance compared to job standards (68%), performance compared to objectives (50%), or the market value of the position (50%).

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<sup>2</sup> WorldatWork, Professor Dow Scott, and Hay Group, LLC, “Survey of Compensation Policies & Practices,” March 2003.

### ***3.f: Questions Regarding the Development of a Pay Plan***

A number of additional questions must be addressed in order to determine whether a pay plan has the potential to be effective. The HEPC and CCTCE are encouraged to address these questions as the HR function is being developed and matures. It is essential that the compensation strategy is fully aligned with the organization's purpose, mission, vision, strategy, and core values, as well as being fully, systematically, and consistently deployed. There must be a clearly defined approach for all processes of the compensation model and strategy. These approaches must be linked to each other and to the organization's results. For example:

1. Does the compensation plan support the organization's mission and strategy?
2. Is it compatible with the organization's culture and the needs, as reflected by workforce demographics?
3. Is it cost-effective and externally competitive?
4. Is it integrated with other HR functions, such as employment, benefits, etc.?
5. Does the pay plan address and satisfy the concerns about Fairness, Accountability, Credibility, Transparency, and the need for a Systematic approach?

### ***3.g: Responses to the Pay Plan-Related Questions***

#### **3.g.1: Does it support the organization's mission and strategy?**

In order to support this strategy the compensation program must be competitive and attract and retain the skills and talents needed to carry out the strategy. The proposal prepared by Mercer Human Resources utilized seventeen (17) different compensation surveys as their basis for predicting the market rates for the benchmark positions at the institutions under study. If these data are used to set the compensation structure, it will result in a level of pay that will attract employees that have the required skills necessary to complete the organizations business strategy.

#### **3.g.2: Is it compatible with the organization's culture and the needs reflected by workforce demographics?**

An open culture requires that the management and employees understand all of the parts of the "Total Rewards" concept and how it applies to them. For the compensation part, the compensation philosophy should be communicated to each employee. All employees should understand the salary ranges for the job they are in, how they were determined, why their salary is at its current level, and what they can expect in the future if their performance warrants. In other words, the employee should know how the

system works, and, from the employee's viewpoint, "what is in it for me?" There should be no secrets in this philosophy, with an emphasis on transparency.

The development of a communication program for the managers and the employees is essential in this major undertaking. In addition to a brochure detailing the program, we recommend teaching the managers the philosophy and the pay model, then scheduling meetings with the manager and employees together, with the manager communicating the program to the employees (assisted by HR personnel when needed). This will give employees a chance to ask questions and will also ensure/require managerial understanding of the philosophy and the pay model. If left to the manager without guidance, support, and encouragement, most managers will not address and/or discuss these issues with the employees, will not fully understand and support the pay philosophy, and will ineffectively communicate the pay model. Please note that we are basing this observation on dealings with managers in a variety of industries and educational institutions over the past 35 years and not on our knowledge of the specific managers in the various institutions within the West Virginia higher education systems.

### **3.g.3: Is it cost-effective and externally competitive?**

To be externally competitive, one has to rely on a variety of salary surveys for comparison. The careful selection of a salary survey is essential to the accuracy of the market-based model. There are many salary surveys on the market, some of which are either limited or worthless in measuring the market rate. Often they do not conform to appropriate and scientific processes in collecting the data. Even if they follow a systematic approach in salary survey sampling, they may not always appropriately summarize and present the data. In other words, let the buyer beware!

### **3.g.4: Is it integrated with other HR functions such as employment, benefits, etc., and do they support each other?**

These questions address the issue of why so many organizations are moving toward a "Total Rewards" program, as advocated by WorldatWork and other HR organizations. Such a program requires one to take into account all of the rewards an employee receives. It also requires being able to attract and retain employees of the caliber that an organization must have to carry out its mission and goals. In order to attract the employees, managers must be in constant contact with compensation personnel, giving feedback on the hiring process and the ability to hire the employees needed.

When a traditional salary structure is developed, a market rate is configured based on matching a job's function with those described in a salary survey. The market rate

becomes the midpoint of a salary range. In a Step-Increase salary structure the ranges are wider, and there are typically fewer ranges.

### **3.g.5: Does the pay plan address and satisfy the concerns about fairness, accountability, credibility, transparency, and the need for a systematic approach?**

This question addresses one of the major concerns of the Select Committee, as well as that of all of the stakeholders. It is important that the pay plan be responsive to the success of employees who help the organization succeed *as well as* being responsive to the needs of the system itself. In order for the pay plan to be effective, it must be perceived as fair, provide accountability, be viewed as credible, be as transparent as possible, and be systematic. That is, it must be clear to all elements of the workforce and be perceived as fair and equitable. It also needs to be supportive of the other HR functions and aligned with the mission, vision, values, and goals of the organization.

### ***3.h: Step-Rate Pay***

The West Virginia compensation step system allows an employee to move through the salary range based on seniority. However, in a traditional step system, employees advance from step to step based on time in position, performance, the acquisition of new job skills or set criteria (e.g., education, certification, etc.). Each time the employee moves a step in the range, a new rate or “*step-rate*” is associated with the move. Essentially, a step-rate pay system takes a pay range and associates a step progression to salary increases (picture stairs in a house). As the employee moves up to the next step, he or she receives the next pay amount. There are two types of step programs predominantly used today: 1) automatic and 2) variable.<sup>3</sup>

#### **3.h. 1: Automatic Step Progression**

The following characteristics typically apply to an automatic step progression:

- There are five to seven steps.
- Each step is three to five percentage points apart.
- Movement to the next step is determined by a prescribed time schedule.
- The step structure is updated to maintain competitive position.

The best applications for an automatic step progression are:

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<sup>3</sup> Kovac, Jason C., Step Increase Plans, WorldatWork, October 2005

- Using the step system for jobs that are fairly routine (i.e., jobs that have extremely limited performance variability and, in some cases, jobs for which performance is not even measured).
- Seniority based systems.
- Desire for organizational stability.

Potential disadvantages of this method are:

- Inability to measure and distinguish different rates of employee progress.
- No differentiation based on performance.
- Potentially negative motivational effects for employees seeking pay awards.

### **3.h. 2: Variable Step-Rate Progression**

A variable step progression is somewhat similar to the automatic step progression; however, a performance component is added into the step progression. The typical variable step-rate model characteristics are as follows:

- Typically 5 to 10 steps.
- Each step is two to five percentage points apart.
- Movement throughout the steps is based upon a variable time schedule:
  - If performance is outstanding, the employee may move two steps in the structure
  - If performance meets expectations, the employee may move one step in the structure
  - If performance is marginal, the employee may not move any steps
- The range is updated to maintain or address the organization's competitive position.

The best application for a variable step-rate would be in a situation in which a step structure is appropriate but where the organizational culture lends itself to performance based differences in pay.

Potential disadvantages of using this method are:

- Relatively few pay increase amounts (2-percent to 5-percent increases)
- Requires justification of performance distinctions.

### ***3.i: Alternatives for Compensation Models***

There are a variety of models or approaches for paying employees. The following alternatives represent some of the most commonly used approaches.

### **3.i.1: Alternatives for Compensation Models: Merit Pay for Performance**

Most organizations today have what has come to be called a merit system or a pay-for-performance system of compensation. The trend is to use “pay-for-performance” to describe a variable pay program. In such a program an employee is awarded an incentive to perform toward a set of preset objectives or goals. These goals are usually related to the organization’s performance as well as the employee’s performance.

The foundation of a merit pay-for-performance system is the salary ranges and the ***performance management system***. Each employee must have a performance evaluation each year. The results of the performance evaluation and the employee’s salary, as related to the midpoint, are tied directly to the merit increase. A salary increase guide chart is developed that gives the manager a range of increases depending upon the compa-ratio (salary as a percent of midpoint or market rate) and the performance rating. An example of such a guide chart is shown in Figure 2.

When someone is hired in this type of structure, they are usually hired between the minimum of the range and the midpoint. This allows one to compete in the market place for talent that is necessary to get the job done and to hire talent with other valuable experience.

**Figure 2: SALARY INCREASE GUIDE**

Performance Rating	COMPA RATIO		
	<90%	90%-110%	104%-120%
(E) Exceeds Requirements	6-8%	4-6%	3-5%
(M) Meets Requirements	4-6%	3-5%	
(NM) Not Meets Requirements	3-5%		

First, performance appraisals must be completed and assigned a performance rating. Next, the compa ratio (see the Glossary in Appendix I for a detailed explanation regarding *compa ratio*) on the salary planning report must be located, or it can be calculated by dividing the salary by the range midpoint. The cell where the two values intersect in the above chart indicates the merit increase percentage that should be considered for the employee.

The range of increase percentages in each cell gives the manager some discretion in deciding the actual percent. Typically, if the employee's compa ratio is at the low number they would get the higher percent and if the compa ratio is at the high number they would get the lower percent increase. We would expect the total percent increase in each cell to average at the middle value.

As an example, suppose an employee is earning \$24,500, has a range midpoint of \$30,000, and has a performance rating of E (for Excellent, as seen in Figure 2). The compa ratio is  $24,500/30,000$  or 81.7%. The cell indicates a salary increase between 6% and 8%. Since the compa ratio is just above 80%, the increase amount should be near the top of that cell range, or 8%. If the compa ratio had been 90%, an increase amount of 6% would be more appropriate.

An alternative approach is to continue with the current step system, rewarding service with the State only. There are a number of problems with this system. First, it rewards the employee who is a non-performer by the same amount as one who is an outstanding performer. As a result, it creates mediocrity and does not serve to motivate employees. Second, it does not allow the hiring manager to pay for experience with an organization other than the State of West Virginia. For example, if an individual works as a flag person for the State Department of Highways for ten years while receiving his or her degree in accounting, this person would be started at the 10<sup>th</sup> step. At the same time, if someone who had gone to school, graduated with an accounting degree, had worked with a private or non-state organization such as an accounting firm for ten years, this person would have to be started at level zero. This approach lacks both internal and external equity.

### **3.i.2: Alternatives for Compensation Models: Service Award Programs**

A service award program could also be utilized to reward employees for tenure. There are many firms that provide service awards as they provide a catalogue for the employee to select a gift that depends upon the number of years of service. Three such firms that have catalogues are a) Bill Simms Company, b) Trayberry Company, and c) OC Tanner Company.

### **3.i.3: Alternatives for Compensation Models: Continue with the Current Step System but Slot the Employee in the Step that Takes into Account All of his/her Relevant Experience.**

In this model, each year the employee would receive a step increase of approximately 2% that would be for tenure. Performance could be rewarded with a lump sum of money each year for only those employees who received a performance rating of achievement above normal competent performance. This would be a one-time increase and would not be added to the base salary.

An issue with alternative 2 or alternative 3 is that the employee is now being paid duplicate for tenure, as the State currently pays a lump sum for tenure.

### **3.i.4: Alternatives for Compensation Models: Continue with the Current Step System but Move the Employee through Each Step Based on Performance.**

This approach rewards for tenure with either a lump sum of money and/or a gift program. At each milestone, the employee is given a catalogue and is able to select a gift based on the number of years of service. In this case, an employee hired at the market rate would be paid only for service with the institution. An individual whose performance exceeds expectations might have a salary increase of two steps; an individual who meets performance expectations

might receive one step; and an individual who does not meet expectations would not receive any increase.

### ***3.j: Recommendations***

We received employee data from October 2009. We used these data to modify the structure that we developed in early 2009. The changes made were to project the market to 12-31-2010. Since the fiscal year is from July through June, we assumed a lead/lag policy and set the structure for the middle of the fiscal year. This required an increase of 22.4% to the 2001 structure, as shown in Figure 3. Of course the amount that the structure is increased and the amount spent on salary increases depend upon the amount of monies available.

**Figure 3**

	% below Market	Cost to Market	Average Cost Per Employee
Total Salaries vs. Market as of 7/1/10 =	<b>19.4%</b>	<b>\$32,109,518</b>	\$6,177
Total Midpoints vs. Market as of 12/31/10 =	22.4%	\$43,885,752	\$8,443

### ***3.k: Geographic Issues***

We also examined data from the seven identified Workforce Investment Areas (WIA) in West Virginia, as well as data from each individual county, to determine if the wages were significantly different from one area to another or from one county to another. In most Workforce Investment Areas the counties in each WIA were widely different in the average wages paid. Thus, we used the county information instead of the WIA.

We then calculated the average wage for each county in which one of the universities, community colleges, or technical colleges is located. We then did a comparison to the average wage for West Virginia. We used the State as a base, since that was the way the market study was done. The institution county and percent of the state average are shown in Figure 4.

Figure 4

## Cost Per Institution to Bring all Employees to Minimum of Range at 80%, 85%, 90% and 100% of Market

Institution name	Location	County	1st Qtr 2009 Weekly Wages	% OF WV Average	80% of Market	85% of Market	90% of Market	100% of market	% of Payroll
Blue Ridge Community and Technical College	Martinsburg	Berkeley	\$720.31	102.2%	\$0	-\$817	-\$6,407	-\$28,506	-1.7%
Bluefield State College	Bluefield	Mercer	\$587.69	83.4%	\$0	\$0	\$0	-\$4,062	0.0%
Bridgemont Community and Technical College	Montgomery	Fayette	\$629.53	89.4%	\$0	\$0	\$0	-\$6,776	0.0%
Concord University	Athens	Mercer	\$587.69	83.4%	\$0	\$0	\$0	-\$2,908	0.0%
Eastern WV Community and Technical College	Moorefield	Hardy	\$499.15	70.9%	\$0	\$0	\$0	\$0	0.0%
Fairmont State University	Fairmont	Marion	\$699.92	99.4%	-\$17,676	-\$25,799	-\$58,178	-\$188,044	-1.2%
Glenville State College	Glenville	Gilmer	\$592.00	84.0%	\$0	\$0	\$0	-\$9,334	0.0%
HEPC	Charleston	Kanawha	\$785.31	111.5%	-\$6,266	-\$12,793	-\$19,647	-\$38,392	-1.7%
Kanawha Valley CTC	Institute	Kanawha	\$785.31	111.5%	-\$2,474	-\$5,634	-\$10,704	-\$29,199	-2.3%
Marshall Community and Technical College	Huntington	Cabell	\$680.00	96.5%	\$0	-\$1,447	-\$23,942	-\$79,767	-2.4%
Marshall University	Huntington	Cabell	\$680.00	96.5%	-\$13,504	-\$29,122	-\$274,081	\$1,068,017	-1.4%
New River Community and Technical College	Beckley	Raleigh	\$697.92	99.1%	\$0	-\$9,563	-\$36,036	-\$121,384	-2.6%
Pierpont Community and Technical College	Fairmont	Marion	\$699.92	99.4%	\$0	\$0	-\$586	-\$8,513	-0.1%
Potomac State College of WVU	Keyser	Mineral	\$621.92	88.3%	\$0	\$0	\$0	-\$13,058	0.0%
Shepherd University	Shepherdstown	Jefferson	\$595.00	84.5%	\$0	\$0	\$0	-\$16,203	0.0%
Southern WV Community and Technical College	Danville	Logan	\$712.23	101.1%	\$0	-\$13,412	-\$67,641	-\$230,678	-2.5%
West Liberty University	West Liberty	Ohio	\$595.62	84.5%	\$0	-\$1,248	-\$2,840	-\$16,471	-0.1%
West Virginia School of Osteopathic Medicine	Lewisburg	Greenbrier	\$564.92	80.2%	\$0	\$0	\$0	\$0	0.0%
West Virginia State University	Institute	Kanawha	\$785.31	111.5%	\$101,258	-\$212,478	-\$344,657	-\$678,820	-8.9%
West Virginia University	Morgantown	Monongalia	\$769.85	109.3%	\$592,253	\$1,584,639	\$2,876,229	\$6,121,815	-3.2%
West Virginia University Institute of Technology	Montgomery	Fayette	\$629.53	89.4%	\$0	\$0	-\$9,879	-\$77,392	-0.3%
WV Northern Community College	Wheeling	Ohio	\$595.62	84.5%	\$0	\$0	\$0	-\$6,125	0.0%
WVNET	Morgantown	Monongalia	\$769.85	109.3%	-\$1,084	-\$4,703	-\$11,049	-\$26,915	-0.7%
WVU at Parkersburg	Parkersburg	Wood	\$658.69	93.5%	-\$7,755	-\$9,119	-\$20,885	-\$78,327	-0.8%
		WV Average	704.46		-	-	-	-	-2.3%

The table in figure 4 shows the annual cost to bring all salaries that would be below the minimum of the salary schedule if the schedule was set at market for the county and at various levels below the market. For example, the county adjustment for Bluefield State College is 83.4% of the state market. The minimum of grade 14 in the 2001 structure is \$25,363. If we multiply this by the 22.4% it will bring it to the current state labor market. We get \$31,044 as shown below:

$$\$25,363 \times 1.224 = \$31,044 \text{ for the minimum of grade 14}$$

Further Calculation:

$$\$31,044 \times .834 = \$25,891 \text{ adjusted by county}$$

$$\$25,891 \times .90 = \$23,302 \text{ adjusted by minimum required}$$

We calculated this value for each grade and then compared each employee's salary at Bluefield to the minimum of their respective range. In the case of Bluefield, there was no salary below the minimum of the range when the market range was modified by the regional factor and then by 90% of the market. The figure 4 table shows the cost at each institution at various modifiers of the respective market. To use Bluefield again, if we set the structure at 83.4% of the market for the regional adjustment and then state that Bluefield must pay 90% of that level, the cost to bring all employees whose salary is below the minimum would be \$0 annually.

We recommend that each institution be given this chart and then given the authority to modify the state-wide structure by any percent they want and can afford. We have created a structure based on the market study and through an Excel spreadsheet has provided a way for institutions to input the percentage of market they want to pay. The structure will then be automatically calculated based on that percent. If this alternative is selected, we will send a copy of the spreadsheet to each institution.

We also recommend that a different compensation structure, similar to the proposed structure we developed above, be used **and** a merit pay-for-performance system be implemented over the next three or four years.

### ***3.l: Steps Required before these Changes Can Be Accomplished***

There are many steps that must be taken before the HEPC/CCTCE can implement one of the alternative compensation structures described in this section. First, a performance appraisal system must be implemented in all institutions. We will address this under the Performance Management section. The manager (this includes anyone who supervises employees) must be trained in his or her role as a supervisor and within a performance management system. The supervisor must be given time to learn how to be both a supervisor and how to conduct coaching and counseling, which are essential elements in performance management, as well as how to conduct a performance appraisal and give feedback for the benefit of the employee. The employee must also be trained as to his or her role in the performance management process and told what the expectations of his or her performance as an employee will be. In essence, a culture change must take place, moving to a culture of continuous improvement, with performance appraisals and merit rewards put into place.

These cultural and programmatic changes will take time and will necessitate a well-trained, supportive, management staff, including top management, and a human resources function that is fully committed to the process of change. A three or four year period of working the through the issues will not create a culture change but will go a long way toward this desired goal.

### ***3.m: Implementation Steps for Such a Program***

- Allow the institutions to select their compensation structure based on the information supplied herein and their ability to pay to that targeted structure. Clarify that it is their responsibility to manage their budget to maintain a pay system that will assist them in hiring the talent that they need to get their mission accomplished. Currently, the Presidents and the Human Resources Directors believe it is the legislature's responsibility to fund the compensation structure, since the institutions are State Institutions and since the structure is in the State code.
- In that regard, our recommendation is to take the structure out of the code. The structure in the State code appears to be a burden to the processes, is not always followed, requires constant monitoring and change, is subject to political changes and incumbent changes, and has not met its intended purpose. If it is removed from the code, however, it must be replaced by a system-wide Policy File that is user-friendly and less subject to controversy.

- The use of tuition increases for employee salaries should also be considered. One suggestion is to use one-third of any increase in tuition to help fund employees' salaries until the salary structure is fully funded.
- We also recommend that the institutions select their structure as a percentage of the structure we developed, which was based on State-wide market data provided by Mercer. It should then be regularly adjusted based on market data. It can be adjusted based on the projected increase in wages for a couple of years; and then at least every three years, a market study should be conducted and used to adjust the structure to the market. There are a number of surveys that are conducted each year regarding what companies are projecting for merit increases and structure adjustments. Most of these are free with participation. WorldatWork, AON Consulting, Mercer Human Resources Consulting and Hewitt are a few companies that conduct these surveys.
- Continue with the service increase until the performance appraisal system is in place and performance appraisals are being conducted at the 100% level. Once that is done, make the change to a merit pay-for-performance system. This transition should be led by the Director of Compensation, Benefits, & HRIS. This individual must receive the cooperation, support, input, and commitment of the Presidents and Directors of HR on each campus.

## **4. The Performance Management System**

Regarding the performance management system, the consultants performed the following tasks:

- We met with the Performance Management Subcommittee to review its work and to make recommendations related to performance management.
- We have made recommendations regarding the feasibility of mandating a system-wide use of the same performance management form.
- We have assessed whether such use is appropriate for all institutions and classes of employees.
- We have made recommendations regarding procedures for conducting performance evaluations, including addressing the following:
  - Selecting appropriate evaluation instrument(s).
  - Providing appropriate training for supervisors who administer evaluations.
  - Determining whether evaluations will be administered annually on the same date for the entire system or systems.
  - Determining appropriate evaluation intervals and degree of flexibility permissible within the systems while maintaining evaluation integrity, comparability, and usefulness.

### ***4.a: Best Practices***

Performance Management must be actively supported by top management. This means that each president must “do performance management” by giving feedback and conducting at least annual performance appraisals. He or she must also set the expectations that his or her subordinates also must perform performance management and give performance appraisals in a timely manner systematically throughout the performance year. If they cannot perform these duties they should not be in the position.

Performance management is part of every manager or supervisor’s job responsibilities. If it is not performed appropriately, systematically, in a timely manner, and with due diligence, he or she has failed in this facet of his or her position. The performance appraisal for that individual should state as much, and the manager or supervisor should be given a poor rating on this factor.

Keep in mind that performance management should be an ongoing process, with continual feedback given to the employee on behavior that influences performance, both good and bad. Ideally, there should be a “beginning of the year” performance meeting, a “mid-year discussion of progress,” and an “end of the year” meeting with each employee. This will also require a review of the span of control relative to the number of employees a manager or supervisor oversees.

One purpose of performance appraisal is to determine pay increases and/or other rewards. However, it is also used to provide employees a better understanding of the objectives, measures, targets, and initiatives necessary to meet the goals set forth by the organization. Further, learning and growth should occur throughout the process, translating the organization’s vision, gaining consensus, improving communication, setting clearer targets, and providing useful feedback. These, in turn, will hopefully lead to employee development, appropriate training, job satisfaction, and a higher level of motivation.

#### ***4.b: Other Pay-for-Performance Concerns***

Much has already been stated in this report about pay-for-performance programs, the need for performance appraisal, and the importance of linking pay with performance. One of the main goals of a pay-for-performance strategy is to facilitate conversations between managers and their employees. If performance appraisals are to be used to determine pay increases or other rewards and to develop employees, we recommend that the performance appraisals be conducted on an anniversary date of current job and that any increase be awarded at some focal point for all employees.

Managers and employees must be trained for their role in the performance management process and must manage expectations. If the employee understands how her or his performance impacts pay, there should be no surprises. Human resources needs to teach managers to manage expectations, keeping their employees appraised of their performance levels, and their performance’s impact on rewards. Managers must signal what is important and must celebrate success. Pay-for-performance should simply reinforce what the manager is already doing in her or his role as a manager. Please see Appendix I for Ten Design Principles for Performance Management.

#### ***4.c: Further Recommendations Regarding the Performance Management System***

As noted earlier, we agree with the conclusions of the Performance Management Sub-Committee, as stated in its report. It is a commendable document, and it meets best practices

as found in the literature and within high performance organizations. Their recommendations are reiterated below:

“The Committee recommends that the form be delivered electronically so that it moves in a paperless manner between and among the employee, management, the human resources department. The Committee also has recommendations for performance management that offers flexibility for institutions’ policy implementation while ensuring fairness and accountability for classified staff.”

The purpose of including performance management in Senate Bill 603 personnel studies was threefold. The first was to determine how the process of performance management could be used as a strategic tool by administrators to accomplish the institution’s benchmark strategies, the department’s performance goals, and units work objectives. Secondly, the objective focuses on how to conduct a successful performance evaluation process between employees and supervisors to drive specific performance results. And lastly, the goal is to design a program that promotes core competencies and behaviors that support the institution, department and unit goals.

A performance management system consists of the process used to identify, encourage, measure, evaluate, improve, and reward employee performance. Performance management links organizational strategy to results. The Committee found that the current performance management system failed to accomplish this object across higher education. Based upon its research, the Committee wanted to design a performance management system that:

- Provides information to employees about their performance.
- Allows the employee to participate in the evaluation process.
- Clarifies what the institution, department, and the unit expect in terms of performance from the employee.
- Identifies the employee’s developmental needs at the beginning of the performance year so that the supervisor may budget for and invest in the professional development of all employees.
- Documents performance for personnel records.
- Measures individual performance based upon the employee’s PIQ (Job Description), and then evaluates it.

- Provides feedback on individual basis that is objective and measured against established performance standards.
- Provides assistance as needed.
- Provides rewards based on an employee's exceptional performance.

The Committee's desire to have a performance management system that has a linkage between strategy, outcomes, and organizational results had to transfer directly to the design of the evaluation instrument and the establishment of the processes, policies, and procedures. When designing the evaluation form and establishing the processes and rewards program, the Committee ensured that the entire performance management system maintained its focus between strategy and institutional results. The first step was to include the connection between strategy and institutional outcomes into the evaluation form. The Committee used the methodology described in the following discussion.

After reviewing every evaluation form from all the other institutions, the Committee decided to incorporate the best of the components from each of the evaluation forms currently being used. Additionally, the Committee designed the evaluation form based on standard best practices. The final evaluation form combined the best components from what the institutions are currently using and the best strategies from the body of knowledge in performance management. Together, the Committee designed an evaluation instrument that is both universal to cover all jobs within the higher education system and yet specific enough for each supervisor to address the details of each employee's position.

The evaluation form has six parts to be completed by the supervisor, the employee or both: See Appendix J for an example of this evaluation form.

**Part One: Employee Pre-Review.** This section offers the employee the opportunity to describe his/her contributions to the job and the institution over the past performance review year and prompts the employee to offer points for discussion with the supervisor.

**Part Two: Performance Ratings.** This section is used by the supervisor to evaluate the employee on ten core competencies against the employee's PIQ. There are six additional competencies for those who have supervisory or project leadership responsibilities.

**Part Three: Goals, Objectives, and Expectations.** This section is used by the supervisor to evaluate previously established specific and measurable goals, objectives, and projects for the employee for this evaluation period.

**Part Four: Professional Enhancement Plan.** This section allows the supervisor and the employee to discuss the professional development needs and growth potential, as well as connecting the performance management system to the professional development system.

**Part Five: Overall Comments.** This section is used by both the supervisor and the employee to provide overall comments.

**Part Six: Future Goals.** This section is used by the supervisor to provide details regarding the goals for the upcoming evaluation period.

The Committee chose a three-pronged rating scale: Needs Improvement, Meets Requirements, and Exceeds Requirements. The definition for each of these three rating scales is provided in the evaluation form. The Committee then made the following recommendations:

1. The evaluation form should be used by classified and nonclassified staff.
2. Managers/supervisors shall attend **mandatory** training on best practices of performance management on how to appropriately use the performance evaluation form.
3. The evaluation form must be electronic and paperless.
4. Communications and training should be provided to employees on the new program. See Appendix K for a set of material that can be used for the basis of such training.

## 5. The Professional Development System

With regard to professional development, the consultants performed the following tasks in order to provide recommendations. These steps are listed as follows:

- A. We met with the Professional Development Subcommittee to review their work and recommendations.
- B. We have made recommendations for methods to train institutional human resources staff.
- C. We have examined the feasibility of creating a position in the central office responsible for training and development, as discussed in Section 1: The Central Office Staff.
- D. We have examined best practices for professional development systems.

### 5.a: Best Practices

Performance management and employee development have been topics in the spotlight for several decades. There seems to be little disagreement by Human Resources professionals (and more recently by line management in a variety of industries and settings) that the results of these key processes have far-reaching implications. Specifically, the design and administration of a firm's performance management and employee development efforts has a direct impact on employee motivation, satisfaction, commitment to the organization and its' goals and, ultimately, to overall organizational performance---the foundation for long-term competitive advantage in today's increasingly global market. Furthermore, given the widespread availability of data in this technological age, in order to stay ahead of the curve top companies are recognizing a need to incorporate available best practices in this area into their day-to-day practices rather than "re-inventing the wheel."<sup>4</sup>

The primary strategic objective of Training and Development (T&D) activities is to provide more valuable employees to the company. Activities in the best-practice T&D precede employment and extend beyond termination.<sup>5</sup>

### Pre-employment

- Community, governmental, and educational outreach programs

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<sup>4</sup> Amy M. Bladen, Ph.D., *Current Theory and Best-Practices Underlying Performance Management and Employee Development Programs: A White Paper*.

<sup>5</sup> *Summary of Best Practices in Training and Development*, Workforce Management, Irvine, CA. 2009.

- Sourcing and recruitment activities
- Employer-of-choice branding and realistic job-preview activities – Pre-employment assessments and interviews

### **During employment**

- On-boarding activities
- Enculturation, reinforcement of values and basic operational training
- Career guidance and management activities
- Functional, professional, management and leadership training
- Assessment for promotion or individual insight and development
- Safety, compliance and regulatory training

### **Post-employment**

- Exit interviews and surveys
- Outplacement support
- Employee alumni groups and networks

The T&D professional conducting the value analysis examines each activity and asks, “Where does the development of people add the most value to our enterprise? Where are the constraints to adding that value?” For example, some high-tech companies take a proactive, strategic approach by directing significant T&D efforts at middle-school students who have an interest in a technology career.

On the post-employment side, many consulting companies recognize ex-employees as a profitable source of increased business. By making every effort to ensure a positive experience for all their people, these organizations now have numerous former employees who are ambassadors of the company brand, involve the company in consulting contracts and sometimes return with even more experience.

In the current climate, it is imperative for the organization to link the performance and learning process together. In doing so there is greater potential for organizations to drive even higher levels of performance, better utilization of training resources, and new levels of employee engagement and business impact.

Identifying skills gaps will allow alignment of learning activities with development plans targeted at bridging these gaps and allowing employees to take responsibility for their own

success. Knowing where the gaps are in your talent base is critical to understanding where your organization should focus its training efforts. Having identified skills gaps and aligned training accordingly, you can more successfully lead employees down their designated or desired career path. In addition to improvement in the performance of your talent, you'll realize cost savings by ensuring the training programs you use are the ones that yield the most benefit.

An integrated learning and performance management process enables organizations to align enterprise-wide learning programs with corporate and individual goals. After looking at the best practices of over 750 corporations, Bersin & Associates discovered that aligning training with the development goals of individuals and the organization is a leading talent management practice that drives business impact. The power of an integrated Learning Management System (LMS) is that it enables learning managers and HR leaders to use the same system to link and track employee performance and learning, thus gaining actionable intelligence about their learning investments.

An effective LMS seamlessly integrates learning activities into the performance management and succession planning process—making it easy for HR, employees and managers to access information; identify and assign development plans; even register for learning activities and track progress on achievement—all in a single user interface. They can also identify skill gaps and measure the success of learning programs in terms of improved corporate performance.

Research shows that employees perform much better when they have a clear picture of the development needs and opportunities for their jobs. When they realize that they may not be proficient at a task or process, most people want to improve. With an integrated performance and learning system, the learning and development organization can publish all internal and externally validated programs, and align them directly to competencies and job descriptions. Employees and managers can then easily find “the right training” at “the right time” without guessing—or ignoring the process. This gives employees the ability to plan and implement their own career and performance growth—which ultimately improves morale, retention and succession rates.

Two of the most important managerial responsibilities are to coach and counsel employees about their current performance, letting them know how they are doing; and to work with them to define training needs and to provide the training needed for the employees to become better performers. This training can be on the job, in workshops in the organization or seminars or workshops delivered by outside training organizations.

## ***5.b: Recommendations***

We agree with the recommendations of the Training and Development sub-committee's recommendations on training and development as set forth below. We do, however, recommend the title of Director of Training & Development instead of State-Wide Coordinator. We have changed the title in their recommendations. We also recommend that this person be hired and charged with the implementation of these recommendations.

The Professional Development Committee analyzed the results of the two extensive surveys of the current status and perceived needs of the content and process for Training and Professional Development (T&D) in West Virginia. On the basis of the survey results, and in line with common national human resources practice, the Committee recommends the following with respect to providing effective training and development opportunities for higher education employees. The following list includes these recommendations:

1. Establish a Director of Training and Development position in HEPC responsible for facilitating the delivery of training and development activities in West Virginia's institutions of higher education. This will help eliminate duplication of efforts across institutions and allow the state to create and capture economies of scale in training and development. The individual should hold American Society for Training and Development (ASTD)® or comparable certification.
2. Convene regular semi-annual or quarterly meetings of T&D professionals from each campus to discuss and plan campus T&D needs and program delivery. One outcome will be to develop a statewide sense of identity and focus for the cadre of T&D professionals. This should be one duty of the Director of Training and Development.
3. Identify and assign, at institutions where there is none now, a person or persons accountable for HR related duties, including T&D. Such an individual is to serve as an on-site campus coordinator and clearinghouse for T&D. In addition, the individual should hold or be able to obtain relevant HR certification(s): WorldatWork® Certified Compensation Professional (CCP); Society for Human Resource Management (SHRM)® Professional in Human Resources (PHR) or Senior Professional in Human Resources (SPHR); International Public Management Association for Human Resources (IPMA)® Certified Professional (IPMA-CP); or other certifications deemed suitable.

4. Provide on-going budgetary and administrative support at each institution for the T&D professional(s) and T&D in general. See item number 20 below.
5. Change the name of the HR function or department to "Human Resources and Employee Development" and include as part of their departmental mission statement, "Human Resources and Employee Development is a strategic partner supporting the goals and values of [this institution name] by recruiting, developing, and retaining a highly qualified and diverse workforce."
6. Include in every new-hire orientation program or process, a component which notifies the individual of the availability of the T&D resources and T&D Coordinator at each institution.
7. Forward and retain all records of training accomplishments (such as certificates, degrees, professional certifications, courses completed) to HR or the HR responsible party at each institution for inclusion in the employee's permanent employment file.
8. Include credit for achievement of T&D goals related to the individual's current position and duties in the component of any compensation system developed for variable, non-base building salary adjustments.
9. Create a program of non-monetary recognition for individual achievement of T&D goals at each institution and give public recognition of T&D success at periodic meetings of employee peers and/or convocations.
10. Determine the T&D needs of employees by utilizing the Professional Improvement Plan and Professional Enhancement Plan as contained within the Performance Management Plan or equivalent evaluation mechanism.
11. Forward the Professional Improvement Plan and Professional Enhancement Plan or equivalent evaluation mechanism to the institutional T&D Coordinator and the Director of Training and Development upon completion.
12. Administer and analyze the T&D needs survey (Survey #2) annually. This should be one duty of the Director of Training and Development. The survey may coincide with the completion of the annual performance review process.

13. Task the Director of Training and Development with working closely and communicating regularly with the institutional T&D coordinators.
14. Charge HEPC with the duty to serve as a clearinghouse and library for training materials, programs, and vendors of training and development materials and workshops to be kept in electronic format with online accessibility for all institutional T&D coordinators.
15. Utilize ASTD Best Practices for training delivery.
16. The Director of Training and Development will develop a post-training assessment instrument in cooperation with the institutional T&D coordinators, to be completed by every employee upon completion of training units. These will be summarized by the institutional T&D Coordinator and the results submitted to the Director of Training and Development for the purpose of evaluating the quality of programs offered.
17. Convene a statewide conference of T&D professionals from each institution to investigate and formulate policies and procedures relative to T&D. During the implementation phase of the new Series 8 – Personnel Administration policy, the T&D professionals will need to address the impediments to T&D identified in the surveys: budget, time constraints, lack of both employee and supervisory motivation, lack of manpower to deliver training, and lack of staffing coverage.
18. Charge the Director of Training and Development with making an annual report to HEPC and CCTCE regarding the status of T&D needs and accomplishments of the prior year. This report should include those items by campus and be included within the HR “Scorecard.”
19. Achieve and sustain a level of professional certification by all HR professionals as referenced in number 3 above. The goal is to develop an on-going plan to achieve and sustain acceptable professional credentials for all HR professionals on each campus.
20. Review all existing campus educational reimbursement policies and programs and generate a unified, statewide policy. Each campus must identify and provide funds from their annual operating budgets (or obtain them from their foundations) for on-going budgetary and financial support for the T&D needs on their campuses. The amount of such financial support shall be determined based on a review of the anticipated programs and seminars to be offered as supplied by the institutional T&D Coordinator.

The institution should strive to allocate a percentage of payroll consistent with the national average expenditure figure as reported by ASTD. In 2006, that figure was 2.33 percent.

21. Require all employees assuming managerial and supervisory positions, including faculty who supervise staff, to complete managerial/supervisory training within 90 calendar days of receiving the position. Failure to do so will result in ineligibility for future salary adjustments until such time as training is satisfactorily completed.
22. Develop the managerial/supervisory training module in an online format. This will include items similar to those found within the WV Division of Personnel training module and specifically, training on how to conduct an evaluation and prepare the Performance Management Plan. In addition, modules should be created to address the following: PIQ development, grievance procedure, employee relations, discipline, etc. The Statewide Coordinator will be responsible for this module's development.
23. Require all employees assuming HR positions to complete the HR training module within 90 calendar days of receiving the position. Failure to do so will result in ineligibility for future salary adjustments until such time as training is satisfactorily completed.
24. Develop the HR training module in an online format. This will include: classification, compensation, performance management, employment law, PIQ development, grievance procedure, employee relations, conflict resolution, etc. The Director of Training and Development will be responsible for this module's development.

## **6. Accountability, Statutes, and Rules**

### ***6.a: Human Resources Audit***

As stated in the Executive Summary, we recommend that an audit of each institution's human resources function and practices be conducted as soon as possible. This could be the first order of business for the new Vice Chancellor of Human Resources (or alternative title), or it could be a task consultants can perform under a separate contract if desired by the Select Committee. In any case, we recommend that an audit of the HR function occurs during the first quarter of 2010. We also recommend that such an HR audit is conducted at least every five years thereafter.

### ***6.b: HR Accountability***

Sometimes we in the human resources function are reluctant to subject ourselves to audits and metrics that show the rest of the organization how we are performing as a function. However, if we truly want to be a business partner, we must develop measures that will allow us to assess our progress toward that goal. The performance of an organization, business, or even an internal function is and always has been a numbers game.

Most of the annual reports produced by organizations include a statement by the Chief Executive Officer (CEO). Within such a document, the phrase "people are our most valuable asset" will often be stated. Yet, there are almost never any statistics or metrics about how we measure that value. The annual report moves rather quickly to the financial data and remains there until the very end.

If we want the human resources function to have value and be viewed as valuable to the organization, we must develop metrics that will show how we add value to that organization. Certainly, in a business enterprise, when one company is assessing another company for possible acquisition, a system of appropriate metrics must be made available in order to assess the value of the human resources, not just the financial balance sheet. In fact, the Balanced Scorecard has become a popular tool often used by organizations in order to align their business activities to their mission, vision, and strategy. This approach results in better communication within various functions of the organization, allowing for transparent performance scrutiny across departments. The traditional Balanced Scorecard consists of a set of measures that reflect the multi-faceted performance of an organization, usually focusing on four perspectives: a) a Financial perspective, b) an Internal Business Processes perspective, c) a Customer perspective, and d) an Innovation and Learning perspective. Each of these perspectives is studied to identify key factors that lead to appropriate objectives, targets,

measures, and initiatives. These key factors are also consistently aligned to the vision, mission, and strategy of the organization. There are also Workforce Scorecards and HR Scorecards that are frequently used to monitor these functions. Any or all of these techniques can be used to provide metrics for auditing and subsequently strengthening the HR function.

Appendix L outlines some of the more common measures utilized in assessing the human resources function. Most of these have standardized results for best in class companies. Such data can also be purchased from The Society of Human Resources Management (SHRM) for benchmarking purposes.

“It is estimated that lack of accountability costs the nation's employers in the billions of dollars each year. The research also says that the majority of employees (upwards of 85%) come to work each day wanting to be accountable. But only 45% continue to feel that way throughout the entire day.”<sup>6</sup>

Building accountability in the workplace, any workplace, is a systems effort. It requires a clear definition of accountability that everyone can agree on, adherence to some basic principles of high performance management, and a team effort.

### ***6.c: Seven Critical Building Blocks for Assessing Accountability***

There are many approaches to assessing accountability. Many organizations have been insightful and creative in approaching this task. In any case, the organization must follow a systematic set of steps to achieve its accountability goals. Headwinds Ltd. has developed a simple model comprised of six primary elements.<sup>7</sup>

1. Establish a clear direction.
2. Align people, process, and systems.
3. Engage staff.
4. Lead the way.
5. Monitor progress.
6. Review and evaluate results.

Barriers to employees being accountable often include the style of leaders who in subtle or not so subtle ways actually stifle the accountability of behavior. Lack of accountability can also stem from structural or process issues. These may include a lack of formal business planning,

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<sup>6</sup> *What is Accountability in the Workplace?*, <http://www.accountable-workplace.com/>

<sup>7</sup> Ibid

the failure to communicate goals, providing little or no follow up, making poor hiring decisions, or having inadequate delegation.<sup>8</sup>

Companies today assign accountability to and measure performance of individual employees by developing job descriptions that cover the duties and responsibilities for each position. The person occupying such a position is accountable for its accomplishment. At least annually the employee's performance is measured through performance evaluations, coaching, and feedback. If the employee does not successfully complete the assigned responsibilities, he or she is told so and given help and time to correct the deficiencies. If they are not corrected, he/she is removed from the job. She/he is removed, either by demotion or termination. These and related issues are also discussed in another section of this report that focuses on performance assessment.

The implementation of the programs being recommended herein should lead to management personnel taking responsibility for discussing the requirements of the job for each employee. Such personnel should also gain experience and opportunities for providing feedback, coaching, improving his or her ability to reward exceptional performance, learning how to take disciplinary action when and as needed, etc. Such experience will hopefully develop a culture of commitment and continuous improvement.

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<sup>8</sup> Ibid

## 7. Next Steps

### ***7.a: Determine whether the Select Committee needs to continue, and if so, the future role of that committee.***

We recommend that the Select Committee continue its role at least through the end of 2010. This would allow the Committee to monitor the implementation, progress, and current status of the HR functions, salary issues, market conditions, and related issues. It will also allow the Committee to review the impact any such changes have upon the mission and vision of the institutions, especially with regard to the core values. As noted earlier, it is essential that the compensation strategy is fully aligned with the organization's purpose, mission, vision, strategy, and core values, as well as being fully, systematically, and consistently deployed. There must be a clearly defined approach for all processes of the compensation model and strategy.

### ***7.b: Recommended Research Methods to Address Topics Remaining in the Study Required by the West Virginia Code § 18B-1B-13.***

- i. Reduction in Force/Furloughs
  - ii. Outsourcing
  - iii. Best practices and work process improvement
  - iv. Evaluation of the faculty salary structure and promotion process
  - v. Determining feasibility of reducing percentage of employees holding nonclassified status to promote system(s) integration.
- There continues to be concern regarding nonclassified employees and the percentage of employees that can hold nonclassified status. It is our understanding that the statutory code defines nonclassified as follows: "an individual who is responsible for policy formation at the department or institutional level, or reports directly to the president, or is in a position considered critical to the institution by the president pursuant to policies adopted by the governing board." It further states that "The percentage of personnel placed in the category of 'nonclassified' at any given institution may not exceed ten percent of the total number of employees of that institution who are eligible for membership in any state retirement system of the State of West Virginia or other retirement plan authorized by the state: Provided, That an additional ten percent of the total number of employees of that institution as defined in this subsection

may be placed in the category of 'nonclassified' if they are in a position considered critical to the institution by the president. Final approval of such placement shall be with the appropriate governing board."

- There is an additional Code section dealing with the cap on the number of nonclassified employees which reads as follows: "The Legislature finds that the doctoral institutions, as defined in section one, article eight of this chapter, have unique staffing demands for their extensive research and doctoral programs, and therefore require additional nonclassified staff. Each doctoral institution may exceed the percentage of nonclassified employees authorized in section two, article nine of this chapter by an additional five percent."

We have concluded through our research that there are many issues related to nonclassified employees, including the original purpose of having nonclassified employees, how they are funded, what percentage is used, appropriate, or required relative to each institution and to the overall system, and how the nonclassified category is maintained. We have learned that originally there were no percentages set in Code. Over time, it was perceived by various sources that institutions abused the privilege of having nonclassified employees; as a consequence, a cap was set at 10 percent. Meanwhile, due to the problems regarding the classification system, its maintenance, and its market position, issues related to the nonclassified category were never fully or adequately addressed. As a consequence, more "wiggle room" was added over time. More recently, there has been an emphasis from various constituencies to tighten up the percentages for nonclassified employees, clarify the definition of a nonclassified employee, and require institutions to reduce the percentage to something perceived as more reasonable. One concerned source suggested that the percent of nonclassifieds should be capped at 15 percent. Others suggested repealing the entire section that refers to institutions with doctoral programs, especially since such institutions are well out of alignment with existing code; however, the suggestion was also to allow these institutions an additional year more than the other institutions in order to come into compliance. See Appendix M for additional information regarding the classified vs. nonclassified ratios in a report submitted by the HEPC on May 2006. The results given in Appendix M should be verified for accuracy, and the entire table should be updated to include results for 2007, 2008, 2009, 2010, etc. This information will be useful when examining changes and trends. Since these issues require further research and analysis, we suggest that several alternative approaches be considered:

- Assign these tasks to the new Vice Chancellor of HR and his/her staff.
- Assign these tasks to a consulting firm that specializes in these areas.
- We are willing to give you a proposal to address these additional tasks if desired.

### ***7.c: Selection of the Most Effective, User-Friendly, Cost-Efficient Technology to Integrate the System(s).***

We have reviewed the recommendation that PeopleAdmin software be selected as the Human Resources Information System (HRIS) to be used system-wide for PIQ review, electronic format recruitment, and performance evaluation. In fact, we have met with and reviewed PeopleAdmin. We have also reviewed PeopleSoft, Ultimate Pro, and Workday software as part of this project. PeopleAdmin is a system that provides for the automation of the talent management process, including recruitment and applicant flow, the online completion and storage of PIQ or job descriptions, and the online completion and tracking of performance appraisals. We feel that PeopleAdmin is probably the best, or at least one of the best, electronic solutions for what it does. However, as noted earlier, it is not a complete Human Resources Information system (HRIS).

A true HRIS will provide a system that, at a minimum, will add to and enhance what PeopleAdmin provides by including/incorporating modules that handle the following essential processes within the Human Resources function. For example, such an HRIS should be able to address the following areas (the first four of which are included in PeopleAdmin): a) the Automation of the Talent Management Process, b) Recruitment and Applicant Flow, c) the Online Completion and Storage of PIQ or Job Descriptions, and d) the Online Completion and Tracking of Performance Appraisals. It should also be able to address these additional critical areas: e) Compensation, f) Staffing, g) Benefits, h) Training and Development, and i) Report Writing. Below are components of these additional five areas that need to be addressed by an HRIS system:

#### **7.c.1: For Compensation:**

- Compensation grading and structures for each position
- Incentive plans
- Compensation history
- Automated step progressions
- Merit increases
- Pay-for-performance bonuses

### **7.c.2: For Staffing:**

- Headcount management
- Position management
- Job management
- Organization charts
- Incident tracking
- Work shifts
- EEO reporting
- Service dates, etc
- PRO and leave requests

### **7.c.3: For Benefits:**

- Benefits plans
- On line open enrollment
- Benefit events and eligibility
- Cross plan validation
- Evidence of insurability
- Coordination of events

### **7.c.4: For Training and Development:**

- On line tracking of training and development
- On line tracking of required credentials and licenses
- Search on line for employees with the skills needed to fill a job, etc.

### **7.c.5: For Report writing:**

- Ability to simply write reports, schedule the report to run on weekly, daily, monthly basis and deliver the report to those needing it.
- Ability to write a report and share it with each institution with only their data, etc.
- Easy to write reports without IT professionals doing it for you.

While PeopleAdmin is a good system for what it is designed to do, it needs to be supplemented with a true and complete HRIS system. We recommend exploring Ultimate Pro and Workday as possible HRIS Systems. They are both web based and hosted systems, as is PeopleAdmin. We also recommend that if an institution has a fully developed HRIS that meets its needs, encompasses the major needs of an HRIS, is user-friendly, and has the potential for being shared with other institutions in order to reduce costs within the system, such an option should be considered.

## **8. Additional Issues Regarding Accountability, Statutes, and Rules**

The consultants have reviewed State statutes and rules to determine if any need to be revised. We have recommended accountability measures for each institution's compliance with an integrated and centralized human resources system. Further, we have developed an HR report card and recommended methods for collecting data necessary for such a report card or scorecard. Thus, the consultants:

- A. Reviewed State statutes and rules to determine if any must be revised or repealed in order to implement recommendations approved by the Select Committee.
- B. Recommended accountability measures to ensure state and institutional compliance as necessary to implement and maintain an integrated personnel system.
- C. Recommended data collection methods, format, and topics to be included in an annual institutional human resources report card to be submitted to HEPC, CCTCE, and LOCEA.

### ***8.a: Recommendations***

- Remove the salary schedule from the State Code.
- Develop a ***Policy & Procedures Manual*** that will cover all issues in Section 7.
- Once the Policy and Procedures manual is completed and operational in all institutions, remove Section 7 Personnel Generally from the State Code.
- The Policy Manual should be maintained by the Central HR Function.
- Conduct an audit of the HR function during the first quarter of 2010.
- Continue to audit the HR function at least every five years thereafter.

### ***8.b: Statutes to be Considered for Changes***

- Title 133, Procedure Rule, higher Education Policy Commission, Series 8:
  - Section 2.7 Pay Grade.  
Gradually phase in the new structure over a 2 to 3 year period.
  - Section 2.16 Longevity.  
Remove the references to salary increases based on longevity.
  - Section 2.20 Salary Schedule.

Change the process of establishing salary schedule(s).

- Section 2.27 Factors of 13 changed to 11.
- Section 3.1.

Change to involve the Director of Compensation, Benefits, and HRIS and to allow Board of Governors to approve, modify, or disapprove recommendations from HR.

- Section 11 Job evaluation process.

Change to fit the new procedures for job Evaluation (Classification).

- Section 12.2

This section should not be in the code.

- Section 18 Review and appeals.

Revise based on the new on-campus appeals process for job classifications.

- Section 19 All.

Change to fit the new compensation procedure.

- Article 7 Personnel Generally

- Move this section to the HR Policy Manual.
- Bumping – Change bumping rights to not allow personnel hired on a funded program to bump regular employees.
- Paragraph B. Change to include a rule that addresses the status of personnel hired on funded programs. This rule should emphasize that when funded programs exist, all employees selected to work on the funded program will be notified in writing that their employment is dependent on the funding of the program. If the program is no longer funded, these employees will have no bumping rights over regular employees. If a regular employee moves to a funded program, there must be a written and signed agreement as to when or if the employee can return to their previous status.
- B-9-3 Salary Schedule

Remove references to years of experience. Remove the salary schedule. Rewrite the section on when market study is done.

- B-9-4

Change to follow the new job classification procedure.

➤ B-9-8

Remove the experience factor.

## 9. Implementation Plan

These recommendations cannot be implemented overnight. It will take a culture change on each campus, and cultural changes take many years of work to be successful. What we describe below is a series of steps moving forward in this process, but the series has to be guided by the Vice Chancellor of Human Resources and his/her staff. However, each of the Human Resources Directors or Administrators and the Presidents of the Institutions must publically support the effort and do everything they can to make it work. If they do not, then perhaps they are not the appropriate person for this position.

While the remaining plan is listed in steps, this does not mean that one has to be completed before the next step is begun. Many if not all steps can be developed and worked in parallel.

### *9a: The Next Steps*

#### **9.a.1: Step One**

The first step in this process is to communicate the results of the decisions made by the legislature in regard to suggestions and recommendations cited in this document. This communication must be led by the two Chancellors and reason must be given for what is about to take place. The institution's web site should provide information about the changes related to the personnel study.

#### **The Focused Objectives of the study were:**

- Flexibility
- Fiscal Responsibility
- Shared Governance
- Best Practices

#### **These focused objectives were to be led by a set of guiding principles:**

- Fairness
- Accountability
- Credibility
- Transparency
- Systematic

### **The Three Core Principles of the study were:**

- To uphold the tenets of public policy for a state higher education system.
- To commit to substantive, procedural, and distributive due process in the implementation of rules, statutes, procedures, policies, and practices.
- To be responsive to the ever-changing demands of a human resources system in a fair and equitable manner.

The results of the study should lead to recommendations in order to create an integrated human resources system which will withstand the demands of change and will allow for flexibility to recruit, motivate, and retain the best employees while maintaining internal equity and pursuing external competitiveness, as well as upholding accountability and fiscal responsibility.

### **9.a.2: Step Two**

The second step is to hire the central staff, starting with hiring a Vice Chancellor of Human Resources. This person should be a “Change Focus Leader.”

Changed-focused leaders attract and jell. They inspire and empower. They are the enemy of the status-quo. They become a catalyst that brings unity out of chaos and confusion.<sup>9</sup>

Change-focused leaders are about big ideas, but also about vigorously grabbing the reins and making things happen. Their leadership is exercised more by visible example than by edicts or directives. The leader’s mantra becomes, “Stop preaching and start doing.”<sup>10</sup>

That person should then immediately start the process of filling the compensation and training positions. These three positions should not be become a burden to the system but instead serve as catalysts for fairness, accountability, credibility, transparency, and a systematic approach for progress.

### **9.a.3: Step Three**

The third step is to conduct an audit of the human resources function at each institution. If the decision is made to go to outside consultants to achieve this, then this could be started before the central staff positions are filled.

### **9.a.4: Step Four**

The fourth step is to develop and implement training.

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<sup>9</sup> Hanes, PhD, John W., Change Focused Leadership: Ten Proven Strategies for Success in Uncertain Times. P-2, Authority Publishing, Gold River, California, 2009.

<sup>10</sup> Hanes, PhD, John W., Change Focused Leadership: Ten Proven Strategies for Success in Uncertain Times. P-2, Authority Publishing, Gold River, California, 2009.

- Develop Training for Performance Appraisal
- Develop Training for the Compensation Program
- Develop Supervisory training
- Once developed and tested, implement the training, beginning with all supervisory employees.

### **9.a.5: Step Five**

The fifth step is to prepare a Request for Proposal (RFP) for an HRIS and submit the RFP to a number of companies. We recommend considering:

- Workday
- NuView Systems
- Ultimate Pro
- Spectrum
- Oracle – Peoplesoft
- Select and implement the HRIS

### **9.a.6: Step Six**

The sixth step six is to set up the Job Classification Committee.

### **9.a.7: Step Seven**

The seventh step is to develop an HR Policy and Procedures Manual based on the State Code.

### **9.a.8: Step Eight**

The eighth step builds on the first seven steps. Once a policy and procedure manual and a minimum structure are in place, begin a gradual process of removing the Human Resources Policy and the pay structure from the State code. They should be replaced with references to compliance with the uniform policy and procedure manual and the establishment of a compensation structure that is competitive in the West Virginia Labor Market.

### **9.b: Conclusions**

It is quite clear that there are many changes, especially major cultural changes, before these recommendations and suggestions can be fully implemented. Further, there must be continual monitoring of all these issues in order to achieve the mission, vision, values, and goals of the HEPC/CCTCE, the employees, and the State of West Virginia.