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Compensation 101

April 2023

Agenda Topics

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- Philosophy and Strategy

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- Job Descriptions
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Northwestern University Compensation Philosophy

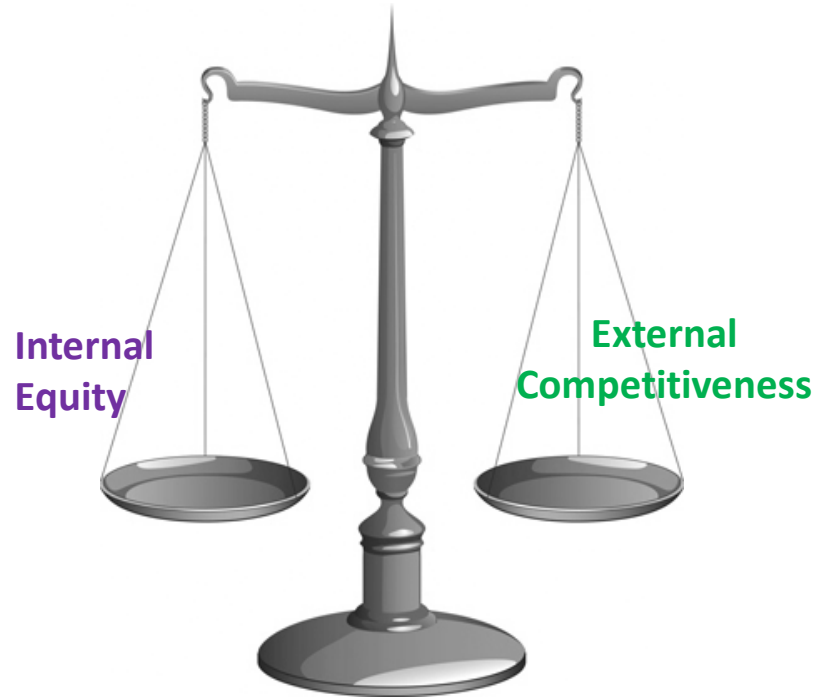
Articulates the University's commitment to investing in employees through appropriate pay, recognition, and development

Our goal is to ensure our pay programs are supported by objective data, affordable, administered equitably and compliant with applicable legal and regulatory requirements. These principles guide the decisions of NU's compensation program design and administration:

- Support the mission of the University
- Offer competitive pay based on the most current and relevant market data
- Provide equitable compensation across the University
- Be transparent with pay practices
- Reward high performance and contributions

Pay Strategy

- Flexible to adjust to changing market conditions and employment demands
- Primarily market driven and targets base pay at the 50th percentile of the relevant labor market(s), which may differ depending on the function, and/or the school or central unit
- Considers internal equity and departmental context

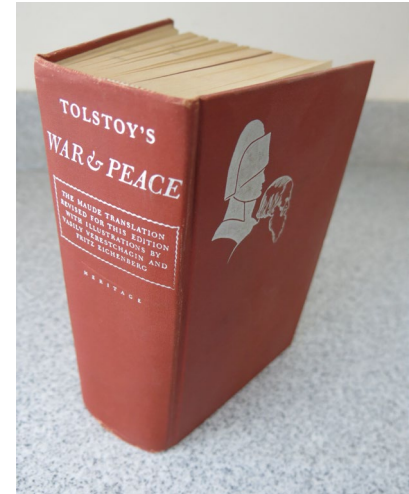


Job Descriptions as a Pillar of Northwestern's Compensation Programs

A job description is a summary of the most important features of a job, including the primary duties and responsibilities, minimum qualifications, and scope of responsibility

By definition, job descriptions *are not*:

- Comprehensive lists reflecting each task that a staff member might possibly perform in a role
- As lengthy as a classic novel
- Developed with a particular individual in mind, or “person-specific”
- Meant to replicate a persuasive job ad or job posting
- A marketing statement for a school, unit, or department

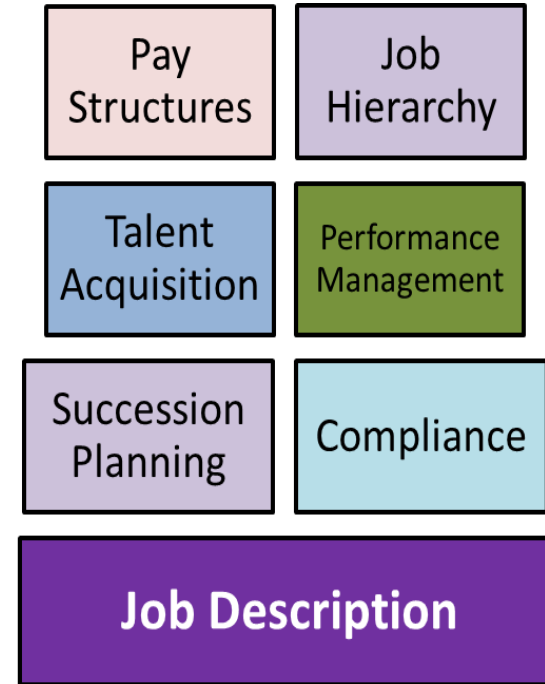


Utilization of Job Descriptions: Why They are Important

Job descriptions provide a foundation on which the design and management of many important Human Resource programs is built.

This foundation or 'infrastructure,'

- ❑ Creates consistency, alignment, and standardization among similar roles, job descriptions, job titles, and salary grades;
- ❑ Establishes competitive pay structures;
- ❑ Provides a common platform for talent acquisition, performance management, career development, succession planning; and
- ❑ Ensures compliance.



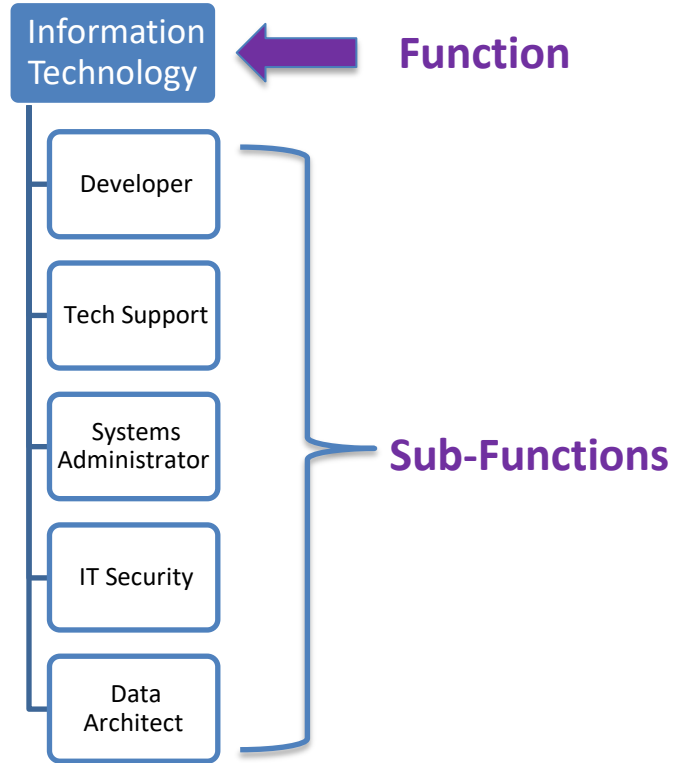
Job Families

Job families are discipline-specific hierarchies of related jobs that provide clear definition, differentiation, and clarifications of roles, responsibilities, knowledge, skills and ability requirements. Implementing job families has enabled Northwestern to:

- Improve consistency and uniformity of staff jobs within a given function
- Develop standardized language for job accountabilities, knowledge, skills, and education
- Provide frameworks and titling consistency among similar roles
- Establish salary grades aligned with both the external market and similarly situated internal roles
- Help define career paths, training and development requirements, and opportunities

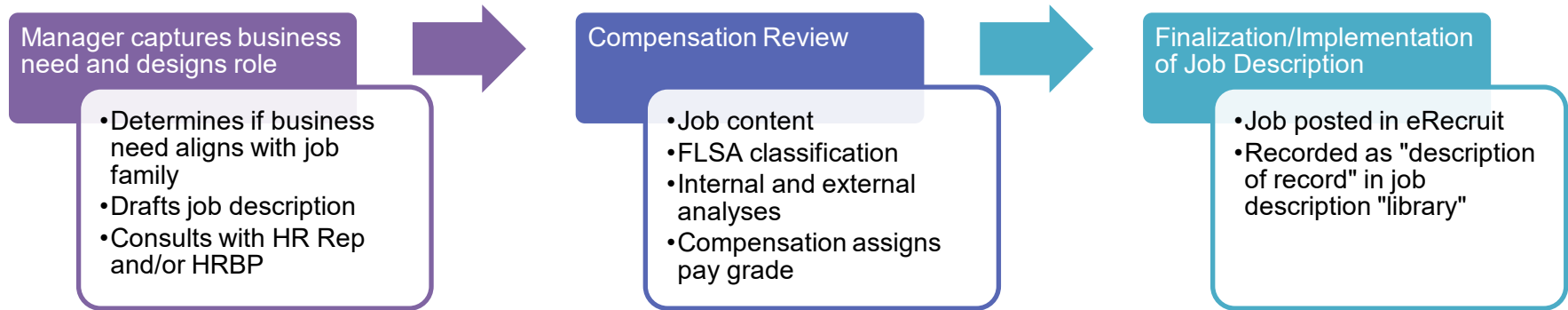


Job Families at Northwestern



- NU has job families for various functions such as IT, Research Administration, Alumni Relations and Development, Career Advising, Academic Advising, etc.
 - Most of these functions have sub-functions within their respective families
- Not every function has a formal job family at this time
- Not every role should be in a job family if it represents a set of accountabilities, skills, experience unique to a single role within an organization

Process of Reviewing and Implementing Job Descriptions



What are Pay Ranges?

- Jobs paid similarly in the market are grouped into “grades” by Compensation
- Each grade has a corresponding market-based pay range
- Also considered
 - Essential functions
 - Required knowledge
 - Work complexity
 - Accountability level
 - Any unique factors of the role at NU

What are Pay Ranges?

- Every pay grade has a specific pay range with minimum, midpoint (proxy for the market median rate), and maximum values
- Multiple pay ranges comprise a pay structure. At NU, there are three staff pay structures:
 1. EXS – for all exempt non-IT roles. Staff are paid monthly
 2. ITS – for all exempt IT roles. Staff are paid monthly
 3. NEX – for all non-exempt roles. Staff are paid bi-weekly

Example - Partial EXS Structure

EXS (Exempt) Approved			
	Min	Mid	Max
5	49,850	62,595	78,243
6	55,128	68,911	86,138
7	61,242	76,552	95,690
8	67,978	84,973	106,216

Pay Rates in Relation to the Range

Pay Range			
Grade	Minimum	Midpoint	Maximum
EXS 7	\$61,242	76,552	95,690

Entry level, new to the role, may have some experience

Proxy for the market rate, assumes full competence, mid-level experience

Prerequisites exceeded, well qualified, exceptional performance, highly experienced and skilled in the role

Not all employees will reach the range maximum during their career at NU

NU pay ranges are broad and constructed so the maximum of the range is higher than the minimum of a higher-graded range

Allow for a wide range of knowledge, skills, relevant work experience, and performance, as well as school/unit context.

\$67,978-\$106,216

Range for Grade EXS 8

\$61,242-\$95,690

Range for Grade EXS 7

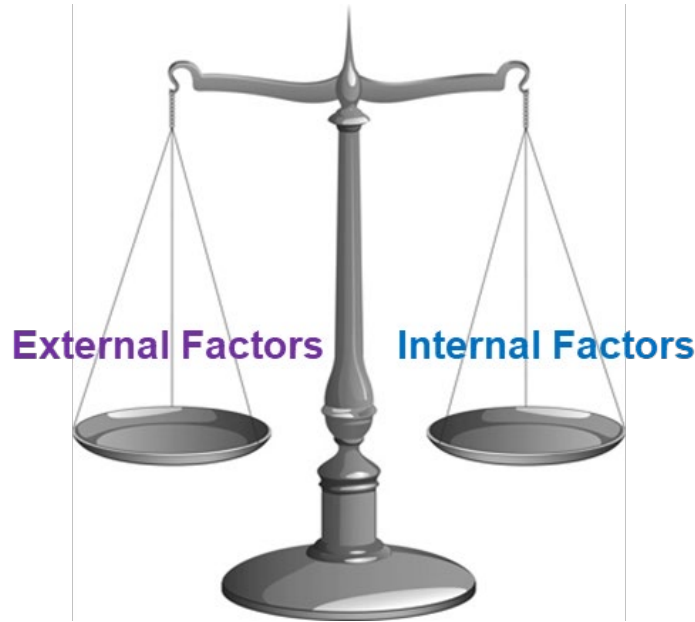
\$55,128-\$86,138

Range for Grade EXS 6

\$49,850-\$78,243

Range for Grade EXS 5

How Individual Pay Rates are Determined



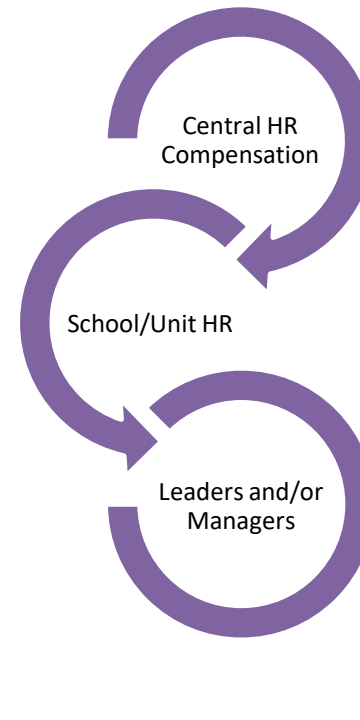
Factors leaders use to determine pay include:

- External market data
- Knowledge, skills, abilities, and relevant work experience of the employee or candidate
- Job performance
- Internal equity among those performing the same role
- Departmental factors

Who Determines Pay?

Individual pay rates are determined via a consistently applied process involving:

- Objective data and consultation provided by Central HR
 - Compensation – market data, internal equity across the University
 - HR Business Partners
 - Talent Acquisition – *For posted roles*
- Decision-making includes school/unit HR representatives and Leaders
 - Managers may provide input and feedback



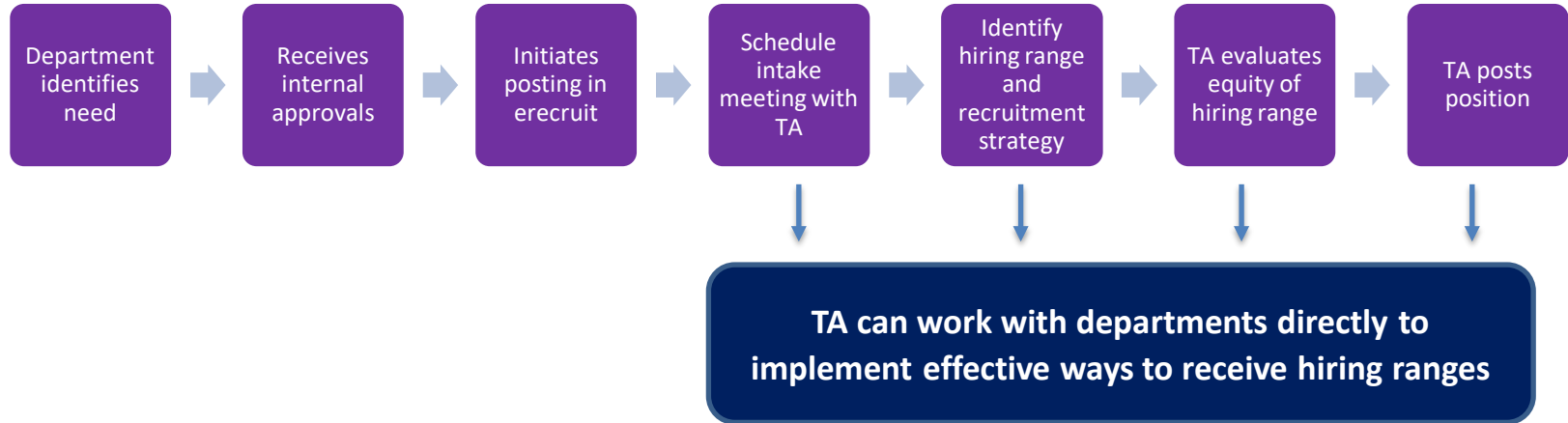
Grades assigned, market analysis, University equity landscape reviewed, guidelines established

Input and decision-making on individual pay rates

Talent Acquisition

**New Effective Date to Post
Hiring Ranges: 9/1/2023**

Process to post hiring ranges



Evaluating Equity

Equity Factors

Target skill level
within job code

Job code -
department and
University

Budget

Intake Conversations

- Determines key aspects for effective recruitment
 - Target profile
 - The ideal candidate and the skills and attributes that appear to correlate with success
 - Attraction strategy
 - Focuses on the tactics you will use to attract qualified candidates to the position
 - Recruitment process
 - Frequency of routing
 - Sourcing assistance
 - External advertising
 - Outreach programs (Veterans, Underrepresented minorities, etc.)
 - Phone screen interviews
 - **Desired pay range and salary recommendations**

Interview Recommendations

- Confirm target salary during interview process
 - What are you targeting for this opportunity?
- Discuss lateral transfer policy with internals
 - Staff member's wage/salary does not increase upon lateral transfer to a position of the same pay grade or salary range **unless it is determined, through analysis conducted by Human Resources, that equity considerations merit an increase in pay**
- Base salary conversations around equity and target hiring range
- Consult with Talent Acquisition

Key Takeaways

- Northwestern's pay philosophy informs the creation of all pay programs
- Strong role design begins with determining the business need, and forms the foundation for job descriptions
- Job descriptions help form the foundation of pay programs and enable us to identify relevant market data and perform objective market analysis
- Pay structures and ranges organize roles paid similarly in the external market
- Pay grade assignments are made by Compensation via a consistently applied objective process, and are driven by market data
- Salary ranges at NU are broad and overlap by design
- Collaborate with your TA partner to determine best process to receive hiring ranges
- Conduct intake conversations early to establish process and prepare for recruitment

Key Takeaways

- Determining pay is complex
 - Requires the balancing of many external and internal factors
 - Departmental factors play a role
 - Involves multiple parties participating in a consistently applied process
- A new Compensation website was created
 - The site is for all employees, managers, and HR representatives
 - Employees should contact their manager if they have additional pay-related questions
 - Managers should first contact their school/unit HR representative
 - School/unit HR representatives can contact their Compensation Analyst and HR Business Partner
- If you have a situation or question you do not know how to address, contact HR
 - **HR is always available to provide consultation, support, and guidance**

Key Talking Points:

Answers to Questions Staff May Ask You

Staff: Why are there two of the same positions in different schools posted at different hiring ranges?

- **HR Rep/Manager:** While positions may have the same posting title and grade, the desired skill set for a qualified applicant can be different depending on departmental needs. The position might call for a more experienced candidate resulting in a higher target range.

Staff: There is an employee with the same job as me in another department making more money. Why?

- **HR Rep/Manager:** Pay will not always be the same for staff in the same position. While I can't speak specifically about another employee, there are differences in skills, experience, and education of employees and candidates, as well as factors within departments that drive pay.

Staff: Can I move up a pay grade?

- **HR Rep/Manager:** Pay grades are determined by HR based on jobs paid similarly in the market, considering the essential functions, required knowledge, work complexity, and other factors of the position. We cannot simply move you to a higher grade unless there was a significant change in the duties of your position. If this occurs, we will definitely take a look at it.

Key Talking Points:

Answers to Questions Staff May Ask You

Staff: How do I get my job reviewed?

- **HR Rep/Manager:** Job assessments will only be completed by HR when there is a substantial change in duties of the role. While we appreciate all your contributions, the position itself has not changed enough to warrant a review right now.

Staff: Can I have a raise?

- **HR Rep/Manager:** Each year the University undertakes a salary planning process which includes a pool for salary increases. During this process we look at an employee's performance and contributions (accomplishments, behavior, critical skills) and their pay relative to the salary range midpoint. I will consider these factors for you during the process this year.

Staff: That job is just like mine. Why is it in a different grade?

- **HR Rep/Manager:** Jobs paid similarly in the market are grouped into “grades” by Compensation. There are likely differences in essential functions, complexity, accountability, or other factors that make the other position different.

Staff: Who determines my pay?

- **HR Rep/Manager:** No one person determines an employee's pay. Central HR assigns grades, reviews University equity, and provides guidelines for setting pay rates. Local HR or leadership then make decisions on individual pay rates (and depending on department may include input from Managers).

Resources

- **Updated Office of Human Resources / Compensation Website**
 - Recorded webinar of this presentation
 - Talking points (on previous slide)
 - Frequently asked questions
- **Compensation Team, Talent Acquisition, and HR Business Partners**

Questions?

FAQs

Response

What are pay grades and ranges?

Pay grades group jobs together paid similarly in the market, while considering:

- Essential functions
- Required knowledge/educational attainment
- Work complexity
- Accountability level
- Other factors that may be unique to the role at NU

Pay ranges have minimum and maximum pay rates and are broad

My job description does not accurately reflect what I do. Should I update it myself?

It is important that every employee has a job description reflective of his or her role. Before updating your description, we advise:

- Speaking with your manager, as the job description may already accurately reflect the role that helps the department meet its business needs.
- If your manager believes that your work differs from the general description, they may work with you on updating the job description.
 - Job descriptions are a summary of the most important features of a job, not comprehensive lists of each task that you perform.

FAQs

	Response
I hear the term, “market data.” What does it mean?	Market data is reliable, third-party validated, objective data on how similar jobs in peer organizations are compensated, and a key factor in determining how NU sets compensation rates and pay grades. A role’s essential functions, scope of responsibility, accountability levels within the organization, and required skills/experience determine how a market match job is identified. These factors are evaluated without respect to a job’s title or to any one person.
What is my pay grade?	Visit myHR/Pay/My Appointment Detail to view your own pay grade.
How is an employee’s pay rate determined?	Determining individual pay considers multiple factors, including: <ul style="list-style-type: none">▪ Market data▪ Knowledge, skills, abilities, and relevant work experience of the employee or candidate▪ Job performance (if a current staff member)▪ Internal equity▪ Departmental factors

FAQs

Response

Who determines an employee's pay?

Individual pay rates are determined via a consistently applied and collaborative process involving:

- Central HR – Compensation Team, HR Business Partners, Talent Acquisition
- School/Unit HR Representatives
- Leaders
 - Managers may often provide input and feedback

Central HR assigns grades, reviews University equity landscape, and provides guidelines for setting pay rates. School/unit HR Representatives and Leaders make decisions on individual pay rates and may include input from Managers.

Do grades or ranges ever change?

We review pay ranges periodically, analyze them in the market, and adjust them as necessary to remain competitive.

FAQs

Response

If a job description is long, doesn't that mean that it has a higher grade?

Not necessarily. Remember that job descriptions are not task lists, but instead are summaries of the primary bodies of work performed by the role, the scope of the role, and the skills and education necessary to perform the role. They are usually 1-1.5 pages in length.

Job descriptions are not formulated with a particular individual in mind. Instead, they reflect a specific business need.

Can I request a job review and pay increase? Do I call Central HR?

The first step is to speak with your manager. Talk to them about why you think an evaluation is warranted. Your manager will then speak to the appropriate school/unit HR representative who will follow up as needed with Central HR.

FAQs

	Response
I am a manager, and this information is new to me. How do I address employee questions?	<p>A manager's first point of contact on pay-related questions should be the Compensation website and their school/unit HR representative.</p> <p>The Compensation team is always available to support and provide guidance on pay decisions and discussions.</p> <p>As pay discussions with your employee can be challenging, it is important to prepare for these interactions. If you are asked questions that you are unsure of the answer, it is best to say, "let me check on that and get back to you."</p>
How can I advance my career at NU?	<p>NU encourages career progression, and the first step is to speak with your manager about your interests.</p> <p>Visit Talent Development for more information. You can also review current postings for a complete listing of opportunities within NU.</p>

FAQs

Response

If ranges overlap, why can't I have the same pay rate as I do today but be in a higher grade?

Roles are assigned a grade based on its alignment to a similar role in the market data. All roles reflecting a similar market value generally share the same grade. Fairly wide ranges are provided within the grades to allow latitude for the consideration of the knowledge, skills, and relevant work experience of the employee, their job performance, etc.

Why is there a separate structure for exempt IT roles?

It was determined that the market reflected wide variances in pay for IT roles, and sufficient unique characteristics of technology jobs exist to warrant a separate pay structure.

Why is my job in this grade?

Compensation conducts market analyses to determine appropriate pay ranges and grades for a given role.
All roles are assigned grades based on the closest match in the market data.

FAQs

Response

I am an HR representative in a school/unit. Who can assist me with employee questions?

The Compensation team and/or HR Business Partners are always available to provide support and guidance.

The Compensation website includes considerable information and resources on compensation principles and guidelines.

I am a staff member with other questions related to compensation. Where can I go?

The Compensation website includes considerable information and resources on compensation principles and guidelines.

Your manager would then be your next source of information.