

Winthrop University


CLASSIFICATION & PAY STUDY

Pay Philosophy

August 2019

Introduction

- Sibson Consulting conducted discussions at Winthrop University (“Winthrop”) in January 2019 to gain insight and context around the current and desired state of faculty and staff compensation
- Interview findings were provided to the Winthrop team in early February and can be found in the Appendix of this document
- The pay philosophy and comparison markets were developed based on:
 - Stakeholder perspectives
 - Desired future state
 - Sibson’s knowledge of and experience with effective practices in higher education compensation
- The philosophy should be considered a working document as some of the principles may not be determined or finalized until after the assessment work has been completed
- In addition, the pay philosophy serves as a document to guide pay decisions and processes in the future and may not reflect current practices



1. Pay Philosophy

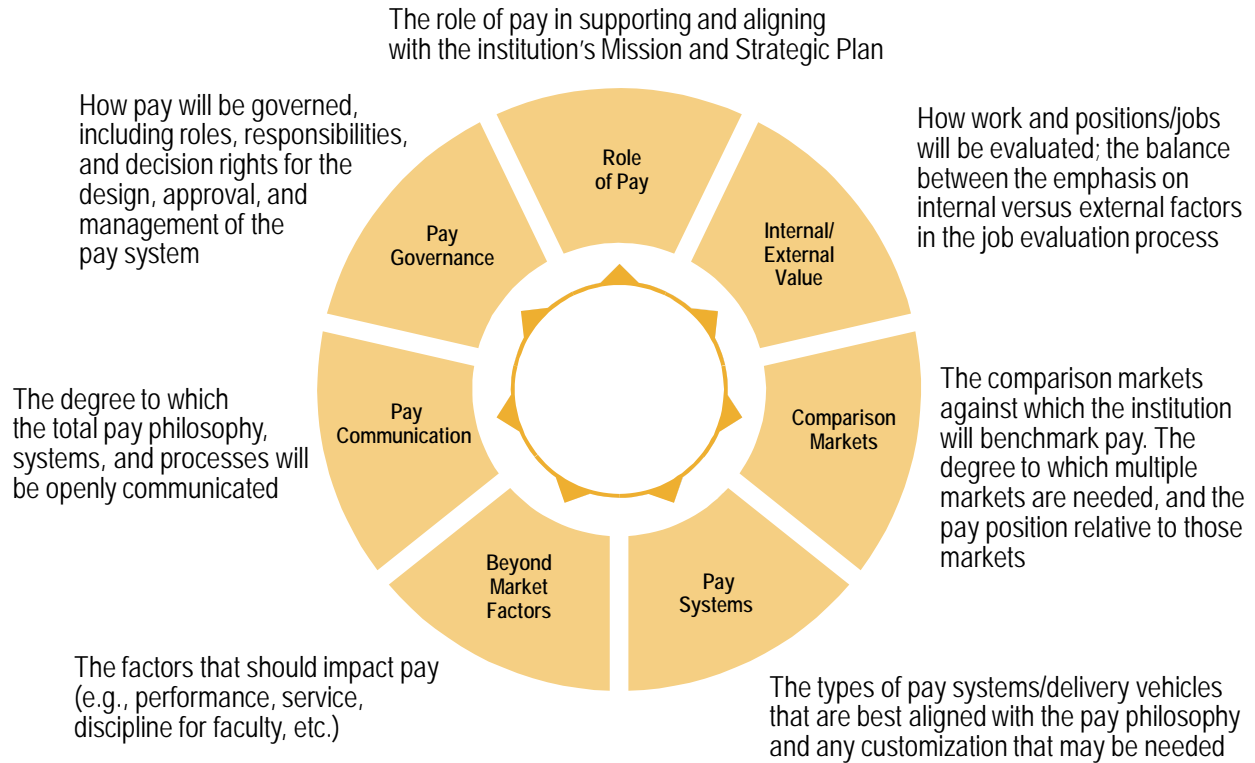
2. Comparison Markets

3. Appendices

Summary of Interview Themes

- **Attraction and Retention:** Employees have a strong sense of affiliation with the University and their colleagues, citing the mission and sense of community among the top reasons why they came to and choose to stay at Winthrop. Recruitment is complicated by the proximity to Charlotte, which impacts some areas more than others in their difficulty to recruit talent to Rock Hill
- **Market for Talent:** While some searches, especially for faculty, are national in scope, many interviewees reference a more “local” market for talent that includes South Carolina, but also Charlotte, given its proximity to Rock Hill
- **Turnover:** Turnover is perceived to be increasing in many areas, but especially in athletics, facilities, and the Campus Police. This may partially be attributed to increasing retirement rates
- **Compensation Competitiveness:** While concerns exist regarding competitiveness of salary levels, an overall appreciation exists for the benefits and perquisites that Winthrop provides to employees, including health insurance and flexible schedules
- **Salary Increases:** Strong desire for regular salary increases, preferably through the administration of a merit-based pay program to reward high performers
- **Classification:** The state system is not always aligned with existing jobs/responsibilities at Winthrop, and jobs are not reviewed frequently enough to keep pace with reflect changes
- **Communication:** Participants would like greater communication regarding the University’s pay strategy and the pay decision-making process, which is currently lacking. Additionally, there is some doubt that this study will result in “real” financial outcomes, due to a lack of trust (primarily in the prior leadership team)

Pay Philosophy Elements



Pay Philosophy

Role of Pay

- In support of the Winthrop Plan, Winthrop University's pay programs provide pay levels that are fair and competitive with institutions and organizations with which the University competes for talent in order to attract, retain, and engage qualified individuals
- We seek to attract, develop, and sustain a dedicated, skilled, diverse, inclusive workforce to meet our strategic objectives. This goes beyond a simple employment arrangement that emphasizes the intangible elements of the University's total rewards such as affiliation to our mission, work content, and positive work environment and provides a balanced mix of financial and nonfinancial rewards
- The University also offers a full package of health and retirement benefits that encourage health and wellness, provide time off programs and income protection for illness, and provide protection in the event of long or short-term disability or death as well as intangibles such as work environment

Internal/External Value

- The pay program balances external competitiveness with the University's needs, financial resources, and relative value within the University among similar positions. In general, Winthrop strives to achieve aggregate salaries at competitive levels of its comparison markets
- Competitive market data are used as a reference for creating salary ranges and determining appropriate salary levels for each job
- Certain jobs and/or individuals may be positioned above or below the University's target based on the value of the job to the University and the unique incumbent qualifications, experience, time in position, and performance against agreed upon role expectations

Comparison Markets

- The University benchmarks faculty and staff salaries against the markets within which it competes for talent, which may vary across the institution
- See the following pages for more detail on the comparison markets

Pay Philosophy *continued*

Comparison Markets

The following represents the comparison markets against which Winthrop University's salaries will be benchmarked, developed using characteristics that most commonly influence the salary levels of faculty and staff (e.g., geography, Carnegie classification, size, etc.).

Role	Market Characteristics	
	For Positions Unique to Higher Education	Additionally, for Positions Found Outside of Higher Education
Direct Reports to President, Deans, Faculty	Custom national higher education peer group reflecting similar institutions	<ul style="list-style-type: none"> • N/A
Exempt Staff (Directors and above)		<ul style="list-style-type: none"> • National general industry, non-profit, and higher education employers
Exempt Staff (Managers and Professional Individual Contributors)	Custom regional higher education peer group reflecting similar institutions	<ul style="list-style-type: none"> • National general industry, non-profit, and higher education employers¹
Non-Exempt Staff		<ul style="list-style-type: none"> • National general industry, non-profit, and higher education employers¹
Athletics (Athletics Director, Administrators, Head and Assistant Coaches)	Custom national higher education peer group reflecting similar athletic divisions and conferences	<ul style="list-style-type: none"> • National general industry, non-profit, and higher education employers¹

Details regarding the custom peer groups can be found in the next section.

¹ The cost of labor for Rock Hill, SC is almost equal to the United States average. We recommend using national data to ensure data validity and consistency and not add undue complexity to the market pricing process.

Pay Philosophy *continued*

Pay Systems

- Base salary is the primary method of rewarding faculty and staff at Winthrop University. An individual's base salary reflects the value of the job in the market, the value of the job to the institution, and the capabilities of the individual
- Appropriate base salaries will be maintained through regular updating of job descriptions, monitoring of the market to ensure continued competitiveness, and periodic updates of the salary programs to ensure they provide competitive salary opportunities. In addition, periodic reviews of incumbent salaries will be conducted to ensure internal equity
- The pay program and offerings are aligned with the policies and guidelines set by the Department of Administration's Division of State Human Resources and are subject to the University's financial resources

Faculty

- Base salary reflects competitive market rates for each faculty member's rank and discipline (as mapped to the appropriate Classification of Instructional Programs); in addition, the base salary reflects an individual's time in rank, capabilities, contributions, tenure, and performance
- In addition to base salary, faculty may receive stipends and/or course release for responsibilities above and beyond their core responsibilities

Staff

- Competitive market data are used as a reference for creating the salary structure and salary ranges. Jobs are evaluated based on job content (including responsibilities, scope and experience/education requirements), not title, and are assigned to salary ranges based on the assessment of competitiveness and role within the University
- Base salaries for individuals within the salary range will be determined by considering the skills, knowledge, experience, and performance of the individual

Pay Philosophy *continued*

Performance Management

- The annual performance review process provides a process for performance evaluation, ongoing communication, and development
- The University encourages regular feedback and development conversations between supervisors and their direct report(s) to discuss progress against job expectations, development opportunities, job challenges, and/or performance issues
- The process is expected to serve as a means to enhance the working relationship between the employee and the supervisor, to provide a report of performance for the employee and supervisor, and to provide supervisors with information concerning performance when considering employees for promotions or transfer

Pay Communication

- The University is committed to openness and transparency and will communicate the pay philosophy to all stakeholders to ensure that the principles that guide salary decisions are clearly understood
- While regular program updates will be communicated to faculty and staff (e.g., relationship to the market), all results will be shared in the aggregate and individual information will be protected
- The University is also committed to ensuring understanding of the salary programs and how pay decisions are made and will conduct training on a regular basis (through multiple vehicles)

Pay Philosophy *continued*

Pay Governance

- Winthrop University's pay philosophy and salary programs are developed through input from the University's leadership and select stakeholders
- Legislated salary increases are determined by the South Carolina General Assembly (Legislature). The South Carolina Department of Administration's Executive Budget Office determines the state's funding of those increases, with the Division of State Human Resources determining how agencies administer the increases. The Division of State Human Resources also provides additional guidelines and policies on pay and classification for covered positions
- The Board of Trustees approves the University's annual budget
- The Board of Trustees approves pay philosophy and the resulting salary programs
- Human Resources administers and maintains the salary programs, which includes initial program development and regular, ongoing review, and maintenance
- Human Resources, in consultation with the Senior Leadership Group, communicates with Deans and staff managers on appropriate pay-related matters. Deans and staff managers communicate these messages to their direct reports and answer questions as appropriate



1. Pay Philosophy

2. Comparison Markets

3. Appendices

Introduction to Peer Group Development

- An institution uses peer (or comparison) groups for several reasons, including student and program comparisons and benchmarking institutional performance
- A peer group for the purposes of pay benchmarking may or may not be the same as the group(s) used for other purposes; in many cases, there is some overlap in the institutions selected
- In our experience, a pay comparison group:
 - Includes institutions of similar type (i.e., Carnegie Classification) and size (e.g., total expenses, student enrollment) within a reasonable and defensible range
 - Composed of at least 40+ institutions to ensure sufficiency of data and a representative sample of pay practices when compared over time
 - Considers the pay implications of institutions located in similar and different cost of living and cost of labor areas (although recruitment may be national in scope)
 - May include a small group of aspirational institutions to reflect pay implications related to the institution's future growth
 - May include additional criteria such as: funding sources, retention rate, graduation rate, admission yield, student to faculty ratio, etc.
- Based on these factors, Sibson developed three higher education pay peer groups using the methodology detailed in the following pages

Higher Education Comparison Market Methodology

National Peer Group

The following steps were completed to determine which institutions should be included in the higher education national comparison market:

1. Began with all public and private not-for-profit, Doctoral-Moderate, Master's (Small, Medium and Large) institutions in the US (n=771)
2. Selected institutions that met all seven of the following criteria (n=86)
3. Excluded private institutions (n=76)
4. Added College of Charleston per client's request (n=77)

Criteria Evaluated	Winthrop University	Original Peer Range/Value	Peer Range/Value ¹
1. Total Expenses	\$127,342,893	\$65,000,000 – \$225,000,000	\$65,000,000 – \$235,000,000
2. Retention Rate	76%	60% – 90%	60% – 90%
3. Tuition and Fees as a % of Core Revenues	42%	20% – 50%	20% – 60%
4. Total Student FTE	5,380	2,700 – 9,500	2,700 – 9,950
5. Staff FTE	571	300 – 1,000	290 – 1,050
6. Faculty FTE	360	180 – 630	180 – 660
7. Graduation Rate	57%	40% – 70%	40% – 70%

This approach resulted in 77 institutions out of which 56 participated in at least one CUPA-HR Survey.

¹ Source of information: IPEDS Data Center (data effective fiscal year 2017). Using initial parameters of approximately 50% to 185% the size of Winthrop University.

Higher Education Comparison Market Methodology

Regional Peer Group

The following steps were completed to determine which institutions should be included in the higher education regional comparison market:

1. Began with all public and private not-for-profit, Doctoral-Moderate, Master's (Small, Medium and Large) institutions in the Southeast (AL, AR, FL, GA, KY, LA, MS, NC, SC, TN, VA, WV) (n=168)
2. Selected institutions that met both of the following criteria (n=86)
3. Added College of Charleston per client's request (n=87)

Criteria Evaluated	Winthrop University	Original Peer Range/Value	Peer Range/Value ¹
1. Total Expenses	\$127,342,893	\$65,000,000 – \$225,000,000	\$65,000,000 – \$235,000,000
2. Total FTE (faculty + staff)	931	600 – 1,500	450 – 1,750

This approach resulted in 87 institutions out of which 53 participated in at least one CUPA-HR Survey.

¹ Source of information: IPEDS Data Center (data effective fiscal year 2017). Using initial parameters of approximately 50% to 185% the size of Winthrop University.

Higher Education Comparison Market Methodology

Athletic Peer Group


The following steps were completed to determine which institutions should be included in the athletic comparison market:

1. Began with all public and private not-for-profit, NCAA Division I-FCS, NCAA Division I-FBS, and NCAA Division I without football institutions in the US (n=346)
2. Selected institutions that met all four of the following criteria (n=90)
3. Included Big South conference institutions that did not meet all four criteria (n=94)
4. Included College of Charleston based on client request (n=95)

Criteria Evaluated	Winthrop University	Peer Range/Value ¹
1. Total Expenses	\$10,840,069	\$5,420,000 – \$20,000,000
2. Total Head Coaches	14	10 – 20
3. Total Student Athletes	443	220 – 850
4. Total Investment Per Athlete	\$24,470	\$15,000 – \$35,000

This approach resulted in 95 institutions out of which 63 participated in at least one CUPA-HR Survey.

¹ Sources of information: Equity in Athletics Data Analysis (data effective fiscal year 2016) and Shared NCAA Research Data (data effective 2018). Using initial parameters of approximately 50% to 185% the size of Winthrop University.

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Appendix I

Detailed Interview Themes

Recruitment and Retention

- **Factors for Attraction and Retention:** Interviewees cited the strong sense of community, the University's values (notably the student-centered culture), the supportive work environment, and the location of the University as the top recruitment and retention factors
 - Both faculty and staff noted that working with the diverse group of students is a source of pride and purpose, with many first generation and lower-income students
 - Prior affiliation with Winthrop is common (e.g., alumnae of the University) as well as a desire to move to the area because of existing geographic ties (e.g., family)
 - Participants noted that Rock Hill provides a high quality of life for families, great public schools, affordable cost of living, and proximity to Charlotte without the commute
 - Overall appreciation for the benefits and perquisites that Winthrop provides such as health insurance, flexible schedules, telecommuting opportunities (in some areas), and paid time off

Appendix I

Detailed Interview Themes continued

Recruitment and Retention (*continued*)

- **Market for Talent:** For staff positions, many candidates come from the local and regional area; faculty and athletics positions are recruited nationwide
 - North Carolina, South Carolina, and Georgia institutions were identified as higher education competitors for talent (primarily for departures from Winthrop)
 - General industry employers in the Charlotte area were identified as a major source for departures, including organizations such as UPS, FedEx, and Amazon
 - Faculty, Campus Police, and facilities staff also leave to go to the public sector, including government, K-12, police departments and other municipalities
 - Non-exempt staff jobs tend to have a more local labor market, which expands to regional (and even national in some cases) for exempt staff jobs
 - Diverse hires have been difficult to attract and retain; this is changing for faculty
- **Turnover:** Turnover is perceived to be increasing in many areas, but especially in athletics, facilities, and the Campus Police
 - Participants feel that turnover is likely split between rising number of retirements and other attrition
 - For staff, leaving the institution for higher salaries is common even for a (perceived or actual) lower-level role
 - Athletics and Academic Affairs serve as training ground for entry-level positions, who then move on to higher-level or higher-paying jobs within 1-3 years (both internal and external)

Appendix I

Detailed Interview Themes continued

Compensation

- **Competitiveness:** The majority of participants feel that the institution's pay is not competitive (within higher education or general industry), but it is "doable" based on value of the benefits package and other affiliation factors
 - Some faculty and staff feel the only option to supplement wages is to take on additional jobs inside or outside of the University
 - In addition, many note that it is common practice at the University to get an external job offer for the sole purpose of receiving a counteroffer from Winthrop
 - New hires receive competitive market salaries, often filling positions vacated by employees that were asking for less money to stay at Winthrop
 - Current tuition reimbursement / assistance for dependents lags national market practice, but is determined by the state legislature
- **Low Annual Increases:** Almost all participants expressed concern that pay increases have been nonexistent or inconsistent in recent years
 - While they understand that frequent increases have not been provided by the state, it is a source of frustration and personal stress for many
 - Across-the-board salary increases seem to occur when the cost of insurance also increases, leaving employees with little to no net gain in take-home pay
 - Another concern is that pay increases have not kept up with increases in cost of living in the Rock Hill area, which has been rising due to its proximity to Charlotte

Appendix I

Detailed Interview Themes continued

Compensation (*continued*)

- **Other:** Additional concerns regarding compensation at Winthrop include:
- Consensus that there is no established compensation strategy or philosophy and very little transparency regarding how or why compensation decisions are made
 - Perception of internal inequity for roles with fewer responsibilities being compensated higher than roles with greater responsibilities, as well as a general lack of temporary pay or recognition bonuses for assuming additional duties
 - Concerns of salary compression caused by new hires being paid near competitive market rates, close to the same rates being paid to more senior/experienced employees
 - Culture of not wanting to accept any extra work because employees believe they will not be paid for it and it will permanently become their responsibility without a job reclassification or adjustment to pay
 - Lack of flexibility in starting rates to attract highly qualified candidates or matching an offer, especially for faculty
 - General dissatisfaction with salary increases resulting from the 2016 and 2017 studies. Staff and faculty believed this would be a multi-year plan, but that did not come to fruition. Employees who received the increases were grateful, but also disappointed that the increases were insignificant
 - Concerns regarding the institution's fiscal ability to implement pay adjustments as a result of this study

Appendix I

Detailed Interview Themes continued

Classification

- Placing Winthrop positions into the state classification system results in misalignment of actual duties vs. classification specified duties
- Concern that classifications do not change as jobs change over time
- Positions are rarely reclassified for expanded responsibilities; ones that are reclassified are subject to scheduled review timeframes, not ad hoc to fit with business needs

Pay for Performance

- **Merit:** Merit budgets have not been consistent in recent years, and amounts provided are often spread equally across the population, functioning as across-the-board increases rather than merit
- **Desire for Pay for Performance:** Strong desire to reward high performance through compensation. Employees perceive no connection between performance and compensation because everyone gets the same increases no matter individual evaluations
 - Lack of confidence in the ability of managers to have difficult performance conversations or distribute merit increases

Appendix I

Detailed Interview Themes continued

Communication

- Communication regarding compensation at the University is perceived as poor overall
- Budgetary concerns have been communicated an issue since the recession ten years ago, but funds have been available for other projects or ad hoc salary increases
- Employees research publicly available salaries and make assumptions of inequity without educated insight into the factors that impact salaries (including philosophy, responsibilities, experience, performance, benefits, etc.)
- Regular and dedicated communication regarding the salary study findings and implementation plan will help to rebuild trust
 - A transparent approach to implementation would be highly valued (with acknowledgement that caveats exist based on available budgets and University strategic goals)
 - Most felt that even with increased transparent communication, there is a long road to fully building trust within the institution

Appendix II

Geographic Differentials

- There are two types of geographic differentials, which are often related, but can be quite different
 - *Cost of Labor*: Differences in salaries in a location based on the talent market
 - *Cost of Living*: Reflects the cost for housing, groceries, etc. in a certain location. May be used to adjust broader cuts to local data, when local market data are not reported
- Geographic differentials are typically not used for nationally-recruited jobs (e.g., Director level and above)
- Geographic differentials may be applied to market data when the *cost of labor* in a particular geographic location is significantly higher or lower than the market data being used in the benchmarking

COST OF LABOR AND LIVING VS. THE U.S. AVERAGE

Location	Cost of Labor ¹	Cost of Living ¹
Rock Hill, SC	101%	95%
Charlotte, NC	102%	107%
South Carolina	93%	97%
Southeast ²	95%	99%
Regional Peers ³	95%	98%
National Peers ⁴	98%	102%

¹ Source: Economic Research Institute (ERI) Geographic Assessor as of January 2019. Reflects the average of differentials between salaries of \$20,000 to \$300,000 as compared to the US average.

² The Southeast includes Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, Virginia, West Virginia.

³ Reflects Regional Higher Education Peers as described in Section 2 of this document.

⁴ Reflects National Higher Education Peers as described in Section 2 of this document.