

# **Compensation Review Committee**

## **Interim Report**

### **January 9, 2017**

## **Introduction**

In accordance with the Presidential Guidance Initiative on Faculty/Staff compensation (PG-09), the members of the Compensation Review Committee (CRC) have developed the following list of talking points that the college's leadership may wish to incorporate into testimony given to Idaho legislators and other officials during the 2017 legislative session.

The overarching theme of all of the talking points is that LCSC salaries for faculty, classified staff, and professional staff are low compared with peer institutions, other four-year public colleges/universities in Idaho, the City of Lewiston, Nez Perce County, other state governments, private employers, and salary targets set by the state of Idaho. This situation raises serious concerns related to recruitment, retention, and employee morale.

## **Classified Staff**

Staff salaries are not competitive with those for comparable governmental positions in Idaho and other states, and they are below targets set by the state of Idaho. This situation results in costly staff attrition. Employee Exit Survey results show that 46% cited pay as the main reason for leaving. Nevertheless, many employees have continued to take on additional duties without additional compensation.

- The FY 2018 Change in Employee Compensation and Benefits Report issued by the Idaho Division of Human Resources (IDHR) found that classified employee salaries are, on average, 24% below private sector market average and 14% below the public sector market average. Policy rates (the target rates, per the state classification schedule) are 20% below the private sector market.
- There is a significant disparity between the state pay scale that LCSC uses and the pay scale used by the City of Lewiston for similar positions. The table below highlights this disparity.
  - In every case, the initial salary on the pay scale is higher for a city employee, with differences ranging from about \$5,509 (for an Admin. Asst. II) to over \$20,114 (for a licensed electrician).

- Overall, the average starting salary on the pay scale for a city employee for the job categories listed below is about \$12,000 higher than it is for the state of Idaho.
- City of Lewiston pay scales include annual raises for employees with satisfactory performance reviews.

**State of Idaho Position and Pay Scale (Unchanged since last year)      City of Lewiston Position and Pay Scale (Effective 10/16/16)**

Receptionist \$16,536 - \$29,515	Receptionist \$25,702 - \$37,379
Admin. Asst. I \$24,336 - \$43,451	Admin. Asst. \$33,993 - \$49,436
Admin. Asst. II \$28,413 - \$50,752	Secretary II \$33,922 - \$49,231
Financial Technician (state): \$24,336 - \$43,451	Payroll/Finance Specialist \$36,603 - \$53,233
Licensed Electrician \$28,413 - \$50,752 or \$35,901 - \$64,085	Licensed Electrician \$48,527 - \$68,216
Custodian \$16,536 - \$29,515	Custodian \$25,781 - \$36,869
Maintenance Craftsman \$21,133 - \$37,731	Maintenance Technician \$40,104 - \$52,950
Landscape Technician \$16,536 - \$29,515	Park Laborer \$26,635 - \$41,004

- This past year, seven out of 127 LCSC classified staff members left. While that may not seem like a large number, that turnover represents a significant expense for the college. According to the Society of Human Resource Management, it costs an estimated 38% of an employee's annual earnings to replace them. This includes costs for recruitment, training, and the loss of productivity due to the disruption in workflow. Even presuming all of the seven classified people who left were at the low end of the pay scale above and made \$16,536/year, would mean the expense of replacing them would be over \$44,000.

While staff members appreciate the pay increases they have received, they are concerned that the impact of those increases is diluted by a rising cost of living. One (admittedly anecdotal) example comes from an employee making \$26,208 per year. S/he received a 3% pay raise, which amounts to \$786. However, because her Nez Perce County property taxes went up 3%, she will owe an additional \$300. In short, about 38% of her raise will go toward covering that tax increase. As another staff member put it, "It is hard to get ahead with rising prices."

## **Professional Staff**

Members of the Professional Staff Organization (PSO) recognize that equitable compensation at LCSC is not only a PSO issue, but includes faculty and Classified Staff Organization (CSO) employees. Based on the comparator data from this year and last year, PSO's primary concerns include (1) increasing CSO employee salaries so that they are competitive in the local job market; (2) increasing faculty salaries in order to bring them in line with Idaho and peer post-secondary institutions; (3) increasing PSO salaries (especially those at the lower end) to allow LCSC to retain valuable employees and to recruit the next generation of LCSC personnel. The following information is respectfully submitted to assist LCSC's leadership in reaching the strategic goal of fair compensation for its employees.

- The FY2018 Change in Employee Compensation and Benefits (CECB) Report/Hay Group Summary clearly shows that state employees in Idaho fall significantly below both the public and private sector markets for salary compensation. The report notes that "*Idaho ranks seventh in average salary in the state comparator markets consisting of Colorado, Montana, New Mexico, Oregon, Washington, Wyoming and Utah*" (emphasis added). The members of the PSO are concerned that LCSC's salaries are not competitive in terms of our local/regional job market and in terms of other state employees in similar job classifications. Further, will the next generation -- the professional Millennials -- choose to work for our competitors at higher starting salaries, with competitive benefits, and negotiated yearly salary increases greater than LCSC offers? At what point do we become non-competitive in the labor market?
  - This concern is illustrated by the experience of two LCSC graduates with Bachelor's degrees in Career and Technical Education programs who are under 30 years of age and who have been in our regional labor market for the past 5–6 years. The first graduate works in the energy field and makes nearly twice the salary of the average of PSO employee. The second graduate worked for LCSC as an Associate Professor for a time and now works in manufacturing for a Lewiston-

based company at nearly double his LCSC salary.

- These two graduates may be exceptions to the results of a compensation survey of recent LCSC graduates -- the 2014-2015 Graduate Follow-Up Survey. We cannot, however, discount the fact that the Millennials have employment options in our region which provide considerably greater compensation. The 2014-2015 Graduate Follow-up Survey reveals the following:
  - Average yearly salary 2015 LCSC graduates: \$40,850
    - The PSO currently has 31 full time employees who make less than this average salary
  - Average yearly salary in their related field of training: \$42,766
    - The PSO currently has 36 full time employees who make less than this average salary
- Recent studies, including the FY2018 CECB Report, conclude that pay and benefits are high priorities in employment satisfaction for Millennials. Millennials are now dominating the labor market, and represent our future as an institution. The same CECB report indicates that 46% of persons who were leaving Idaho state employment indicated inadequate pay as the reason.
- Further, the 2018 Hay Group Report (“What are the key findings”) stated that “Adjustments to the salary structure **that increase the minimum, midpoint and maximum, [are necessary] to improve competitiveness** and better position the State to attract employees in the future” (emphasis added).
- The average wage for Professional Staff employees at LCSC is currently \$53,981, which includes all managers’ salaries at the Director level and above. Using this figure, 59% of professional staff employees (87 out of a total of 147) fall below this average. If we eliminate all Director Level and above PSO employees, and part-time PSO employees, the average wage becomes \$43,011. By that standard, 36 of the 80 PSO employees (45%) in this cohort fall below this average salary.
- The PSO is in the process of comparing 31 state of Idaho job titles with equivalent professional staff positions at LCSC. This analysis indicates that 28 of the LCSC positions are paid less than the average of other Idaho state

employees with similar job titles. These disparities range from 60% for business manager to 99% for assistant registrar and athletic trainer. Using the business manager as an example, this disparity could result in as much as \$26,000 less for the LCSC employee.

- LCSC PSO employees may be unique (compared to other regional colleges/universities) in the fact that they take responsibility for administering more than one program, which eliminates the costs associated with hiring more professional staff. There are at least 7 PSO employees (which we are currently aware of) who administer more than one program. Decision-makers at the state level should be made aware that we employees are dedicated in providing work above and beyond the call.

## **Faculty**

As of this writing, the updated IPEDS data related to faculty salaries remains unavailable. However, given that all institutions awarded raises based upon the state's call for a 3% merit-based increase, the pay disparities described in last year's report and reprinted below presumably have persisted.

LCSC faculty salaries compare unfavorably with peer institutions and with other four-year public institutions in Idaho, as shown by the table below and in the accompanying spreadsheet.<sup>1</sup> Especially noteworthy:

- The average salary for Professors and Associate Professors at LCSC ranks as the lowest among the college's 13 peer institutions.
- The average salary for Associate Professors at LCSC is the only salary among its peer group that is less than \$50,000.
- With only one exception (Full Professors at Idaho State University), across all professorial ranks, professors at LCSC make less relative to their peers than other professors throughout the state. For example, Associate Professors at LCSC make 81.2% of the salary of their peers whereas Associate Professors

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<sup>1</sup> The peer institutions for LCSC are Black Hills State University, Bluefield State College, Colorado Mesa University, Dickinson State University, Indiana University-East, Kentucky State University, Missouri Southern State University, Missouri Western State University, Montana State University-Northern, Purdue University-North Central Campus, Shawnee State University, Southern Arkansas University-Main Campus, and University of Minnesota-Crookston. The public four-year Idaho institutions are University of Idaho, Boise State University, and Idaho State University.

at all other public four-year institutions in Idaho make at least 85% of the salary of their peers.

**LCSC Annual Faculty Salaries Relative to Peer Institutions**

	Professor	Assoc. Professor	Asst. Professor	Instructor
LCSC Average	\$56,268	\$49,653	\$45,900	\$41,481
Peer Institution Average	\$74,489	\$61,152	\$53,936	\$42,552
LCSC % of Peer Institution	76%	81%	85%	97%

For complete list of peer institution salaries, please see accompanying spreadsheet.

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