

April 1, 2014

Audit, Administration and Governance Committee

Dear Trustees:

I am pleased to present our 2014 recommendations for classification and compensation reform at the University. These recommendations are directly aligned with our new Compensation Philosophy and will support the need to attract, retain and reward a qualified, motivated, high-performing workforce in a prudent and fiscal manner.

In 2012, the Board of Trustees requested that the University complete a compensation study to determine the market competitiveness of our classification and compensation program. Findings concluded that our pay structures were considerably narrower than market ranges and this may lead to external equity issues. Additional analyses determined that the University has not formulated guidelines to address internal equity issues based on similarly situated jobs. Furthermore, there is no correlation between an employee's performance and pay increases.

To address these issues, the following changes are recommended for the majority of our non-union faculty and staff:

- Classification process changes
- Pay structure consolidation and adjustments to ranges based on market findings
- Annual pay increases aligned to performance and position in range
- Annual incentive program
- Targeted incentives to minimize expenses and increase revenues

On behalf of Human Resources, I submit these recommendations for your consideration. These program changes will enable us to become competitive in our higher education marketplace.

Sincerely,

Myrtho M. Blanchard, MALD  
Vice President