

# University of Alaska

## Total Compensation Review

Prepared by University of Alaska Human Resources

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### EXECUTIVE SUMMARY

At the direction of the University of Alaska President, Human Resources led a comprehensive compensation review to determine if the university's salary and benefits align competitively with the higher education market. The goal was to ensure our compensation practices ensure a workforce to achieve our strategic priorities, core principles, and shared values.

Key objectives of the review included:

- Ensuring compensation practices were built on a foundation of consistency, equity and transparency.
- Demonstrating good stewardship of resources so that the university remains fiscally responsible and sustainable.
- Supporting our recruitment and retention goals by maintaining market competitiveness with peer institutions and labor markets.

External consultants specializing in higher education compensation and benefits data collection and analyses supported the review process. The review results allow the university to better understand its market competitiveness for salary and benefits in order to optimize internal equity, retention, and recruitment.

The information provided in this report includes the project scope, process and market salary competitiveness determination methodology, and results.

### SCOPE AND METHODOLOGY

The review, which began in the summer of 2018, is now concluded. The comprehensive system review included:

- Faculty, staff, and executive compensation comparison by position to peer public institutions colleagues.
- Employee benefits comparison to other peer public institutions and the State of Alaska.
- Pay equity analysis which is an internal comparison of similar positions.

College University Professional Association (CUPA) market salary data were selected for institutional comparison. CUPA has the highest number of University of Alaska identified peer higher education institutions that participate in market salary data collection. Institutions are identified as peers due to public status, the number of students, budget, and programs.

The competitive range for market salary is ten percent above or below the average of all salaries in the same position, referred to as +/- 10% of the market median. As UA peers are in other states, we added a “cost of labor” percentage to the market median to allow for the unique job market in Alaska. The cost of labor accounts for the unique supply and demand conditions for labor in Alaska. Specifically, the cost of labor is what a particular geographic market offers as compensation for its jobs in comparison to the average across the United States. A less relevant factor, the “cost of living,” is more about how much it costs for groceries, housing, and other expenses to live in Alaska. That amount regularly fluctuates and is not reflective of the labor market.

## **RESULTS**

### **Faculty Salaries:**

Across the system faculty salaries are, on average, -1.5% of the market median by rank and discipline. Broken down by the institution the results are as follows:

- UAA: -0.2% of market median
- UAF: -4.1% of market median
- UAS: +3.6% of market median

### **Staff Salaries:**

Across the system staff salaries are, on average, -7% of the market median by classification. Broken down by the institution the results are as follows:

- UAA: -10% of market median
- UAF: - 5% of market median
- UAS: -4% of market median
- SW: -7% of market median

### **Executive Salaries:**

Across the system salaries for officers and senior administrators are, on average, -6% of the market median by position.

### **Pay Equity:**

The pay equity analysis focused on two aspects:

- Gender and race pay gap within the UA System, and
- Whether there were any indications of systemic pay disparities between employees of different race or gender.

Statistical analyses identified potential pay differences between protected groups and other employees that are statistically significant. The analyses also determined whether the differences could be explained by a factor other than gender, race, or age. Statistical analyses were performed in accordance with methods recognized by the Equal Employment Opportunity Commission (EEOC). To the extent that the statistical analyses identified potential pay differences, a deeper incumbent level analysis is being conducted. Once the review is completed, employees with inequities will be contacted directly with a plan for remediation.

## **Employee Benefits:**

The University also completed a benefits package value comparison to peer higher education institutions and the State of Alaska. Recognizing that, on average, the cost of healthcare is higher in Alaska, an external consultant normalized the value cost of the University's healthcare and retirement plans to those in the rest of the country. The analysis concluded that the University Optional Retirement Plan (ORP), and UA Choice Healthcare Plan have above average value compared to other higher education institutions. The UA Pension Plan was below average compared to other higher education institutions. The amounts for supplemental life and accidental death & dismemberment insurance were inadequate. In response, the maximum amount for both was increased this year.

## **Conclusion**

The next step, subject to the current budget process, is to plan how UA ensures that salary and benefits are competitive and aligned with our shared strategic priorities and core principles. The approved state budget is critical to the compensation plan. It will likely require gradual increases over the next few years to achieve our goals.

The university will ensure it invests resources in a prudent and thoughtful manner. We are responsible for supporting the needs of our greatest asset – our people.