

Career Path Modernization Compensation Philosophy



The University of Rochester's Compensation Philosophy Summary

The University of Rochester recognizes that our employees are at the heart of our institution, and we strive to be a supportive, equitable, and inclusive work environment where all employees can thrive.

In order to succeed in our academic, research, and clinical missions, we must develop, attract, retain, and engage a highly qualified and diverse workforce. The University of Rochester's compensation philosophy aligns and supports these goals in a way that is objective, comprehensive, and designed to evolve with our organization.

Our compensation philosophy is guided by:

- Transparency | Compensation policies, guidelines, and procedures will be as transparent as possible
- Structure | A clear and articulated approach enables more consistency across the University
- Adaptability | Strategies support today's needs and also evolve with the University
- Compliance | Commitment to upholding legal requirements and the spirit of the law

The three components of our compensation philosophy are:

- Equity | Pay practices that promote fairness
- Career progression | Pathways for those ready, willing and able to advance in their career
- Market competitiveness* | Salary structures aligned to the relevant markets and subject to University feasibility

Our compensation philosophy will be administered and maintained by the Compensation Governance Committee, comprised of senior leadership from across the University.

* Market Definition

In order to recruit and retain the very best staff, the University of Rochester competes for talent in multiple markets, among differing industry sectors, in different geographic locations, and with different types of employers. This includes public and private universities, comparable medical centers and teaching hospitals, comparable research institutions, and other for-profit and not-for-profit industries. The relevant market for each position is defined differently and depends on a number of factors, such as the skills needed, priority of the role, and candidate pool.

The University of Rochester's Full Compensation Philosophy

Comparison Markets & Pay Positioning

Market Competitiveness

- The University will target compensation relative to market based on our ability to recruit and retain, the impact on University operations, and our objective of attracting and retaining the best talent and required skills and expertise
- Actual pay positioning for individual incumbents may vary from the market based on experience, expertise, skills, and individual performance

Market Comparators

- Administrative, staff, research, academic and healthcare roles will be benchmarked against the markets with which UR competes for talent, which will vary by the role. The appropriate markets will be tailored to the nature of the job and the job family and may include markets such as:
 - Comparable public and private universities
 - Comparable medical centers/teaching hospitals
 - Comparable research institutions
 - Broad for-profit and not-for-profit industries as appropriate
 - General industry for roles where specific university experience is not required and where skill sets cross multiple industries
- When considering the markets in which we compete for talent, consideration will be made for remote work, where appropriate

Program Components & Design

Program Components

- The program will integrate career progression and compensation through the use of job families, and will provide a foundation for performance management and on-going job analysis
- The program will:
 - Describe career progressions by job family and career streams (ex: Leadership, Professional and Associate) and clarify what is required to progress
 - Provide competitive pay ranges to accommodate a variety of experience levels from novice to expert
 - Provide clear administrative guidelines to guide decision makers in making appropriate pay decisions in a variety of employment situations
- Career progressions are established based on business need for the job(s). Movement through established career progressions is not automatic. An individual's eligibility for career growth will be based on demonstrated performance and competence at the current level as well as preparedness for the higher level
- The primary component of compensation will be base salary, with eligibility for merit-based increases tied to performance
- Cash compensation is only one element of the overall employee value proposition, which also consists of a competitive benefits program and other rewards (retirement, health, tuition, etc.)

Pay Equity

- The University is focused on using pay structures which are non-discriminatory, competitive, performance-based, understandable to employees, and compliant with applicable law and regulations
- Compensation is determined by work-based factors, not by gender, race, ethnicity, sexual orientation or other protected personal characteristics

Administration

- The compensation program will be centrally designed and managed
- Human Resources will be responsible for the administration of compensation at the University by collecting and analyzing market data, promoting a competitive salary structure, monitoring pay equity and collaborating with hiring managers and leadership in managing pay decisions
- Human Resources will work collaboratively with senior management on the deployment and management of local compensation decisions within the University guidelines

Base Salary

- Primary form of monetary reward intended as payment for sustained contributions within a job and the continued development and demonstration of necessary knowledge, skills and competencies
- Individual salaries will be positioned within the job's salary range and established based on market data, experience and expertise of the individual, internal equity considerations
- Performance-based wage and salary increases are based on the annual performance review. They are intended to pay for performance and will be used to reward competency and proficiency in performing job responsibilities and maintain competitiveness, rather than cost-of-living or longevity

Lump Sum Merit

- Lump sum may be used instead of a merit-based wage or salary increase when the increase would put the salary at more than 120% of the job's salary range

Recognition

- Provides cash or non-cash rewards (University-sponsored programs such as Staff Service Awards and Meliora Award) for individual and/or team performance achievement, usually for unforeseeable circumstances or exceptional behaviors not typically covered by formal programs
- Milestone years of service are also recognized
- May provide "public" acknowledgement

Governance & Accountability

The Compensation Governance Committee (CGC) consists of a subset of senior leadership. The CGC, Compensation, supervisory personnel and HR Business Partners all have roles in administering and maintaining the Compensation Philosophy (CP).

Compensation Governance Committee

- Confirm the compensation philosophy and program
- Support and endorse the effective implementation of the CP
- Responsible for general oversight of the CP, including the development and updating of all program components (career progressions, pay structure, policies and guidelines, titling guidelines, etc.)
- Partner with University Human Resources to review and evaluate the program's administration and make recommendations for adjustments
- Support the development of CP Dashboard to monitor program's effectiveness and provide input into metrics
- Collaborate with Human Resources to keep university leadership informed

Compensation

- Monitor market conditions and make recommendations for updating the pay structure
- Develop and maintain CP Dashboard to monitor program's effectiveness
- Work with leadership, the CGC and others to ensure adherence to the program and continued effectiveness
- Spearhead and oversee on-going communications

Supervisory Personnel

- Maintain knowledge of program and how it impacts personnel in own area of responsibility
- Support the program and follow its guidelines
- Maintain current job descriptions for all jobs in area of responsibility; review and update annually
- Consult with HR Business Partner and/or Human Resources to ensure adherence to program guidelines

- Communicate positively and transparently with employees to inform them on the program and how it affects them

HR Business Partners

- Maintain knowledge of program and how it impacts client areas of responsibility
- Support the program and follow its guidelines in making pay decisions
- Consult with Compensation to ensure understanding, and in dealing with unusual or complex situations
- Provide insights into the program's effectiveness, operations and perceptions of managers and employees to Compensation

Communication & Transparency

- The compensation philosophy summary, program design and pay administration guidelines will be openly communicated to all employees
- Human Resources will collaborate with leaders and managers to provide employees information about the compensation programs in which they participate
- Information on compensation strategies and decisions will be as transparent as possible
- Human Resources will provide managers with tools and resources to explain compensation programs to employees and link the compensation structure to performance and career planning
- Program changes and updates will be openly communicated, including the rationale for change
- The University community will be invited and encouraged to provide feedback and suggestions to ensure program effectiveness