Texas Tech University System
Staff Equity and Compression Review

Executive Summary

February 2022
City proposes $4.2 million in police pay raises

El Paso County to increase minimum wage for its workers to $13 an hour beginning Jan. 9

WT Employees to Get Salary Bump in Spring, Among Other Benefits

H-E-B makes pay increase permanent

Amazon hikes average U.S. starting pay to $18, hires for 125,000 jobs
Project Definition

Market Study; Market Pay Data
- Survey information on the salaries for a given market, either based on geographical area or industry.
  - Used to determine (or support) institution’s compensation philosophy

Pay Compression
- Occurs when a new employee with little or less experience is paid nearly the same as or more than a longer-service employee in the same role.
  - Reasons why this may happen:
    - Increase in the minimum wage.
      - Example: TTU increasing minimum wage to $13/hour
    - Trends in the market, hard to fill positions, 2% annual increases.
    - There are exceptions, considered outliers.

Equity
- Commonly referred to as “equal pay for equal work” while accounting for other factors such as experience level, job performance, longevity, location, etc.

Pay Grades
- Each university has a salary schedule that covers all positions and corresponds to salary groups and salary ranges. Every position is subject to applicable federal and state laws and regulations.
  - Focus is on entry-level positions
Pay Plans are Complex

Snapshot of the Texas Tech Pay Plan, Before and After New Minimums
## Salary Study

### Utilizes Pay Grades

<table>
<thead>
<tr>
<th>Institution</th>
<th># of employees reviewed</th>
<th>Utilizes Pay Grades</th>
<th>Salary Review Process (Fall 2021)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Texas Tech</td>
<td>3,295</td>
<td>Y</td>
<td>Internal Review of Pay Grades based on a $13 Minimum Wage and Position Class Title Compression based on new Pay Grade Minimums and Years In Position</td>
</tr>
<tr>
<td>Angelo State</td>
<td>469</td>
<td>Y</td>
<td>Market Study of Staff Positions and an Internal Review of Pay Grades, Years In Position, and Salary Range Penetration</td>
</tr>
<tr>
<td>Midwestern State</td>
<td>468</td>
<td>Y</td>
<td>Internal Review of Pay Grades and Entry-level Positions</td>
</tr>
<tr>
<td>TTUHSC</td>
<td>2,981</td>
<td>Y</td>
<td>Market Analysis and Review of Full-time Staff</td>
</tr>
<tr>
<td>TTUHSC El Paso</td>
<td>484</td>
<td>Y</td>
<td>Market Analysis for El Paso Region and Internal Review of Pay Ranges within Grades</td>
</tr>
<tr>
<td>TTU System Offices</td>
<td>210</td>
<td>Y</td>
<td>Internal Review of Pay Grades based on a $13 Minimum Wage and Position Class Title Compression based on new Pay Grade Minimums and Years In Position</td>
</tr>
<tr>
<td>Institution</td>
<td>Current Minimum Wage&lt;sup&gt;(1)&lt;/sup&gt;</td>
<td>Proposed Minimum Wage&lt;sup&gt;(1)&lt;/sup&gt;</td>
<td>Effective Date</td>
</tr>
<tr>
<td>--------------------------</td>
<td>------------------------------------</td>
<td>-------------------------------------</td>
<td>----------------</td>
</tr>
<tr>
<td>Texas Tech</td>
<td>$13.00</td>
<td>n/a</td>
<td>Sep. 1, 2021</td>
</tr>
<tr>
<td>Angelo State</td>
<td>$9.83</td>
<td>$13.00</td>
<td>Sep. 1, 2022</td>
</tr>
<tr>
<td>Midwestern State</td>
<td>$9.55</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>TTUHSC</td>
<td>$13.00</td>
<td>n/a</td>
<td>Sep. 1, 2018</td>
</tr>
<tr>
<td>TTUHSC El Paso</td>
<td>$11.50</td>
<td>$13.00</td>
<td>Sep. 1, 2022</td>
</tr>
<tr>
<td>TTU System Offices</td>
<td>$13.00</td>
<td>n/a</td>
<td>Sep. 1, 2021</td>
</tr>
</tbody>
</table>

<sup>(1)</sup>Minimum wage for fulltime employees; does not include student assistants.
### Staff Equity and Compression: Phase One

<table>
<thead>
<tr>
<th>Institution</th>
<th>Minimum Wage Adjustment</th>
<th>Salary Grade Minimums/Compression Adjustments</th>
<th>Market Equity Adjustments</th>
<th># of employees impacted</th>
<th>Cost to implement</th>
<th>Proposed implementation date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Texas Tech</td>
<td>X</td>
<td>X</td>
<td></td>
<td>1,348</td>
<td>$4.18 million</td>
<td>March 2022</td>
</tr>
<tr>
<td>Angelo State</td>
<td>X</td>
<td>X</td>
<td></td>
<td>294</td>
<td>$576,724</td>
<td>Sep 2022</td>
</tr>
<tr>
<td>Midwestern State</td>
<td>X</td>
<td>X</td>
<td></td>
<td>116</td>
<td>$148,403</td>
<td>Sep 2021</td>
</tr>
<tr>
<td>TTUHSC</td>
<td>X</td>
<td>X</td>
<td></td>
<td>1,694</td>
<td>$2.58 million</td>
<td>Sep 2022</td>
</tr>
<tr>
<td>TTUHSC El Paso (1)</td>
<td>X</td>
<td>X</td>
<td></td>
<td>356</td>
<td>$1.87 million</td>
<td>Sep 2022</td>
</tr>
<tr>
<td>TTU System Offices</td>
<td>X</td>
<td>X</td>
<td></td>
<td>14</td>
<td>$17,066</td>
<td>March 2022</td>
</tr>
</tbody>
</table>

(1) TTUHSC EP will implement phases 1 and 2 concurrently
### Institution Description

<table>
<thead>
<tr>
<th>Institution</th>
<th>Description</th>
<th>Proposed implementation date</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Texas Tech</strong></td>
<td>Using the new pay plan pay grade minimums and compression adjustments, colleges and departments will review internal equity within their organizational chart structure and career ladders to determine if additional adjustments are required</td>
<td>Beginning May 2022</td>
</tr>
<tr>
<td><strong>Angelo State</strong></td>
<td>- Adjust pay grades and starting salaries in conjunction with the increase in institutional minimum wage. - Continue to review internal equity to ensure pay equity.</td>
<td>Beginning Dec 2022</td>
</tr>
<tr>
<td><strong>Midwestern State</strong></td>
<td>- Adjust baseline salary for all paygrades by 1%. - Perform market equity adjustment of baseline salary for next two paygrades (106, 107). - Provide individual position adjustments to address equity and salary compression.</td>
<td>September 2022</td>
</tr>
<tr>
<td><strong>TTUHSC</strong></td>
<td>- Perform annual market study to guide initial recruitment and related compression</td>
<td>September 2022</td>
</tr>
<tr>
<td><strong>TTUHSC El Paso</strong></td>
<td>- Review compression; review internal equity for years of service</td>
<td>Beginning Sep 2022</td>
</tr>
<tr>
<td><strong>TTU System Offices</strong></td>
<td>- Using the new pay plan pay grade minimums and compression adjustments, departments will review internal equity within their organizational chart structure and career ladders to determine if additional adjustments are required</td>
<td>Beginning May 2022</td>
</tr>
<tr>
<td>Institution</td>
<td>Description</td>
<td>Proposed implementation date</td>
</tr>
<tr>
<td>------------------------</td>
<td>-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>------------------------------</td>
</tr>
<tr>
<td>Texas Tech</td>
<td>- Review need to conduct market study for specific job titles/areas on a case-by-case basis (police, info tech, hospitality) where market demand is resulting in recruitment and retention issues</td>
<td>TBD</td>
</tr>
</tbody>
</table>
| Angelo State           | - Leverage staff market study to implement a strategic plan of action with administrative and professional positions.  
                          - Consider further increases to institutional minimum wage and strategic impact to non-exempt positions                                         | TBD                          |
| Midwestern State       | - Adjust baseline salary for all paygrades by 1%.  
                          - Perform market equity adjustment of baseline salary for next two paygrades (108, 109)  
                          - Provide individual position adjustments to address equity and salary compression                                              | September 2023               |
| TTUHSC                 | - Formalized market salary adjustment policy effective each odd numbered fiscal year                                                                                                                     | September 2024               |
| TTUHSC El Paso         | - Initial communications with Vice Presidents and Deans in Spring 2022 (Phase 3)  
                          - Review internal equity within Pay Grades and Position Class titles (Phase 4)                                                                 | TBD                          |
| TTU System Offices     | - Determine the need to conduct market study for specific job titles/areas  
                          - Assess available funding                                                                                                                                   | TBD                          |
Texas Tech University

Current

• Utilizes a Pay Plan that complies with applicable state and federal compensation laws; uses Pay Grades 500-800 for faculty/staff
• Implemented a $13 Minimum Wage plus a 1% Equity Pool effective Sep. 1, 2021

Salary Review

• Fall 2021, conducted an Internal Review of Pay Grades based on $13 Minimum wage, and Position Class Title Compression based on New Pay Grade Minimums and Years in Position
• Number of Staff Employees Reviewed: 3,295

Proposal

<table>
<thead>
<tr>
<th>Phase</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Establish new Minimum Pay Ranges in Grades 503-516; adjust for compression using a 1% multiplier for years of service; compression increase capped at 10%</td>
</tr>
<tr>
<td></td>
<td>Implementation Date: March 2022  Employees impacted: 1,348  Cost to Implement: $4.18 million</td>
</tr>
<tr>
<td>2</td>
<td>Using the new pay plan pay grade minimums and compression adjustments, colleges and departments will review internal equity within their organizational chart structure and career ladders to determine if additional adjustments are required</td>
</tr>
<tr>
<td></td>
<td>Implementation Date: May 2022 (may require more time)</td>
</tr>
<tr>
<td>3</td>
<td>Review the need to conduct a market study for specific job titles/areas on a case-by-case basis (police, info tech, hospitality) where market demand is resulting in recruitment and retentions challenges</td>
</tr>
<tr>
<td></td>
<td>Implementation Date: TBD</td>
</tr>
</tbody>
</table>
Current

- Utilizes a Pay Plan that complies with applicable state and federal compensation laws; uses Pay Grades S04-S20
- Effective 9/1/2021, conducted a market-based adjustment for 142 staff positions; budget impact of $268,786.

Salary Review

- Fall 2021, conducted a Market Study of Staff Positions, and an Internal Review of Pay Grades, Years in Position, and Salary Range Penetration
- Number of Staff Employees Reviewed: 469

Proposal

<table>
<thead>
<tr>
<th>Phase</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Increase minimum wage to $13 hour</td>
</tr>
<tr>
<td></td>
<td>Implementation Date: September 2022</td>
</tr>
<tr>
<td></td>
<td>Employees impacted: 294</td>
</tr>
<tr>
<td></td>
<td>Cost to Implement: $576k</td>
</tr>
<tr>
<td>2</td>
<td>Adjust pay grades S04-S11 and starting salaries in conjunction with the increase in institutional minimum wage; continue to review internal equity to ensure pay equity.</td>
</tr>
<tr>
<td></td>
<td>Implementation Date: December 2022</td>
</tr>
<tr>
<td>3</td>
<td>Leverage staff market study to implement a strategic plan of action with administrative and professional positions; consider further increases to institutional minimum wage and strategic impact to non-exempt positions.</td>
</tr>
<tr>
<td></td>
<td>Implementation Date: TBD</td>
</tr>
</tbody>
</table>
Current
• Utilizes a Pay Plan that complies with applicable state and federal compensation laws, uses Pay Grades 102-205
• Sep. 1, 2021, provided internal equity adjustments to 97 staff employees with a budget impact of $120k; perform market equity adjustment for lowest three pay grades (102, 103, 104) impacting 19 staff with a budget impact of $28k

Salary Review
• Fall 2021, conducted an Internal Review of Entry-level Positions and Pay Grades
• Number of Staff Employees Reviewed: 468

Proposal

<table>
<thead>
<tr>
<th>Phase</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Complete (see current above)</td>
</tr>
<tr>
<td></td>
<td>Implementation Date: Sep 2021</td>
</tr>
<tr>
<td>2</td>
<td>Adjust baseline salary for all paygrades by 1%; perform market equity adjustment of baseline salary for next two bottom paygrades (106, 107); provide individual position adjustments to address equity and salary compression.</td>
</tr>
<tr>
<td></td>
<td>Implementation Date: September 2022</td>
</tr>
<tr>
<td>3</td>
<td>Adjust baseline salary for all paygrades by 1%; perform market equity adjustment of baseline salary for next two bottom paygrades (108, 109); provide individual position adjustments to address equity and salary compression.</td>
</tr>
<tr>
<td></td>
<td>Implementation Date: September 2023</td>
</tr>
</tbody>
</table>
Current
• Utilizes a Pay Plan that complies with applicable state and federal compensation laws; uses 500-800 for faculty/staff
• In September 2018, implemented a $13 minimum wage; adopted a compensation philosophy of performance-based adjustments every even numbered fiscal year and-market based adjustment every odd numbered fiscal years.

Salary Review
• Fall 2021, conducted a Market Analysis and Review of fulltime staff
• Number of Staff Employees Reviewed: 2,981

Proposal

<table>
<thead>
<tr>
<th>Phase</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Mandatory 3% increase for all employees at &lt;85% of Market Median for their position; additional market related increases allowable Implementation Date: Sep 2022 Employees impacted: 1,694 Cost to Implement: $2.58 million</td>
</tr>
<tr>
<td>2</td>
<td>Perform annual market study to guide initial recruitment and related compression Implementation Date: Sep 2022</td>
</tr>
<tr>
<td>3</td>
<td>Formalized market salary adjustment policy effective each odd numbered fiscal year Implementation Date: Sep 2024</td>
</tr>
</tbody>
</table>
Current
• Utilizes a Pay Plan that complies with applicable state and federal compensation laws; uses Pay Grades 500-800 for faculty/staff
• Have performed reviews of specific job titles and areas as needed.

Salary Review
• Fall 2021, conducted a Market Analysis for El Paso region and Internal Review Pay Ranges within Grades
• Number of Staff Employees Reviewed: 484

Proposal

<table>
<thead>
<tr>
<th>Phase</th>
<th>Description</th>
<th>Implementation Date</th>
<th>Employees Impacted</th>
<th>Cost to Implement</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 &amp; 2</td>
<td>(1) Adjust minimum hourly rates for pay grades 503-511; (2) adjust for pay grade compression and years of service</td>
<td>Sep 2022</td>
<td>356</td>
<td>$1.87 million</td>
</tr>
<tr>
<td>3</td>
<td>Initial communications with Vice Presidents and Deans</td>
<td>Spring 2022</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Review internal equity with Pay Grades and Position Class titles</td>
<td>TBD</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>