Best Practices in Higher Education Compensation Studies
CICU Summer Webinar Series

Rachel Pauletti, Ph.D.

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Meet the Presenter

Rachel Pauletti, Ph.D.

Director, Higher Education Consulting

813.692.4603

rachel.pauletti@us.forvismazars.com

- Leads higher education strategy, financial health, and people & culture consulting for Forvis Mazars US

- 15+ years in academia, 10 as a full-time faculty member

- Assessment, faculty standards, and professional development, curriculum, and program lead

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Agenda

1. Higher education workforce trends

2. Risks and rewards of compensation studies

3. Challenges

4. Data sources and uses

5. Common models

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01

Higher education workforce trends

Salaries and Benefits Trends

From 501(c)3 organizations, including higher education:

How have your organization's operational expenses changed over the past year?

Source	Increased Significantly	Increased Somewhat	No Change	Decreased Somewhat	Decreased Signficantly
Salaries & Benefits	26.27%	59.32%	9.75%	4.66%	0.00%
Rent, Lease, or Mortgage	4.87%	25.66%	63.72%	3.54%	2.21%
Repairs & Maintenance	9.36%	45.96%	41.70%	2.55%	0.43%
Utilities	8.12%	52.99%	36.32%	2.14%	0.43%
Transportation/Travel	6.44%	50.64%	37.34%	5.15%	0.43%
Office Equipment/Supplies	4.24%	40.68%	51.69%	3.39%	0.00%
Professional Services	10.59%	58.90%	28.82%	1.69%	0.00%
Marketing	8.51%	43.83%	44.68%	2.55%	0.43%
Taxes & Insurance	14.22%	48.71%	34.48%	2.59%	0.00%

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Staffing Shortages

Educational institutions are struggling to staff positions:

Shortages by Focus Area	1–4%	5–14%	15–24%	25–49%	50–74%	75% or More	No Shortages
Education	29.78%	31.91%	8.51%	2.13%	0.00%	0.00%	27.67%
Health	31.70%	39.02%	12.19%	7.33%	0.00%	0.00%	9.76%
Human Services	30.55%	27.77%	9.73%	4.17%	1.39%	1.39%	25.00%
Religion-Related	36.36%	45.46%	0.00%	0.00%	0.00%	0.00%	18.18%

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Barriers to Recruitment

Salaries and low unemployment are the perceived causes:

What is the likelihood the following reasons are behind your organization's struggles to recruit and retain employees?

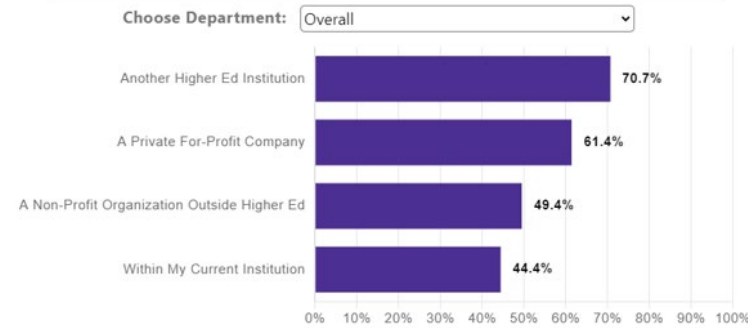| Barriers to Recruit & Retain	Very Likely	Somewhat Likely	Somewhat Unlikely	Very Unlikely
Lack of competitive salaries/benefits	35.05%	39.72%	14.95%	10.28%
Lack of remote/flex options	8.37%	33.50%	27.10%	31.03%
Shortage of available employees	37.80%	47.39%	11.00%	3.81%
Concerns over virus & other health issues	0.50%	0.50%	30.00%	61.00%
Mental health issues (stress, burnout)	9.05%	34.17%	28.14%	28.64%
Childcare & family concerns	5.50%	40.50%	31.00%	23.00%
Budget constraints/insufficient funds	21.53%	38.29%	22.96%	17.22%
Lack of internal recruiting knowledge/methods	6.46%	23.90%	34.32%	35.32%
Poor organization reputation/culture	1.51%	11.61%	27.78%	59.10%

CUPA HR Employee Survey

Predictors of Retention

- Voluntary turnover have increased to almost 15%
- Job satisfaction tied to security, purpose, and perceived support
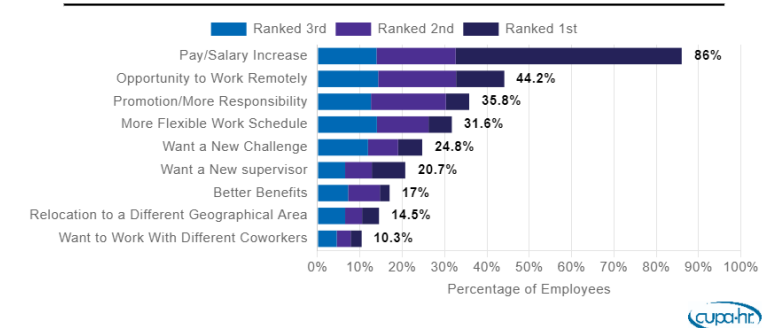- "Doing more with less" has its challenges

Planned Exits

- More than half are looking at jobs outside higher ed
- Most would consider another higher ed institution
- Many would consider a different role at their own institution
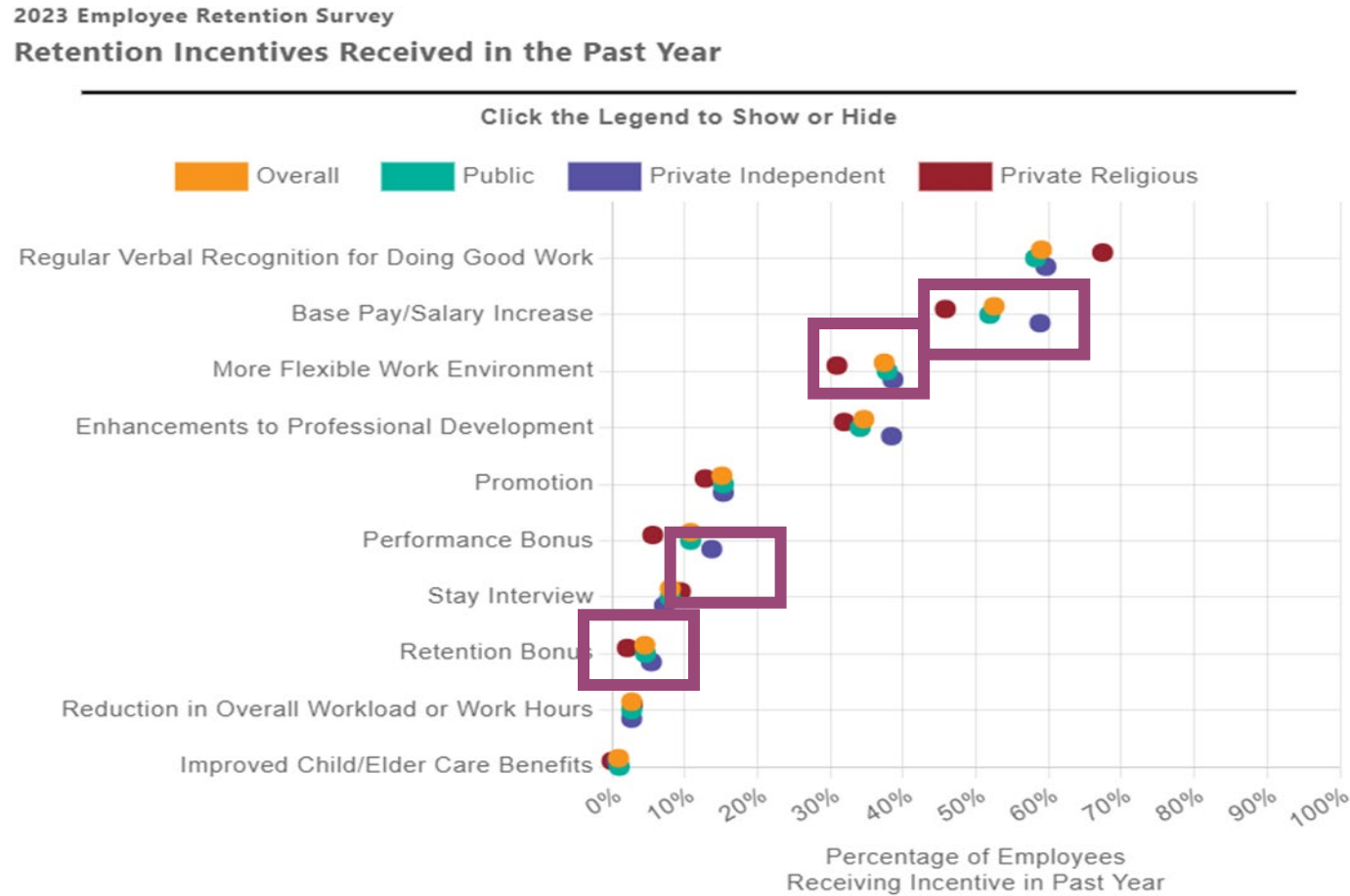
Reasons for Exiting

- Pay/salary a big reason for leaving
- Ability to work remotely

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Correction Attempts

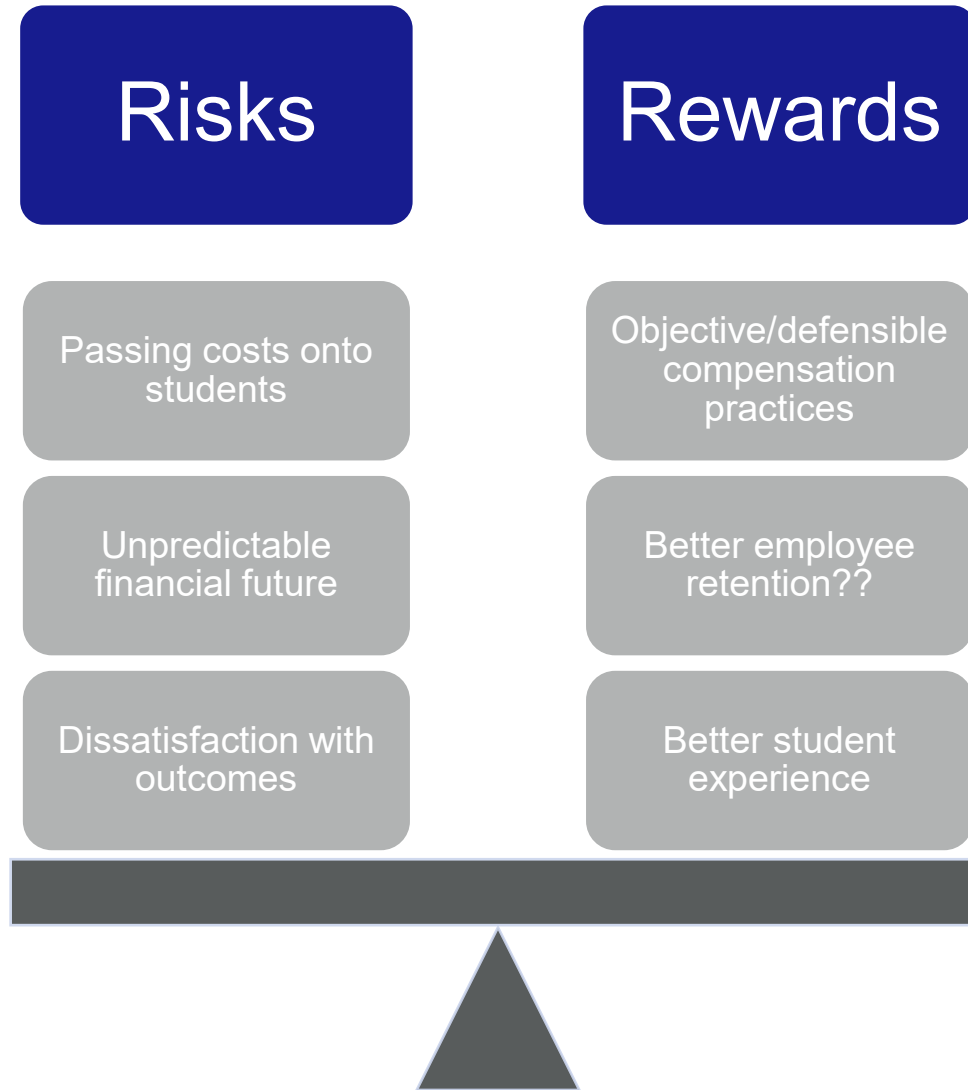Many institutions implemented raises; many are doing compensation studies:

2023 Employee Retention Survey
Retention Incentives Received in the Past Year

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Risks and rewards

Keep these in mind as we discuss data and models:

Risks	Rewards
Passing costs onto students	Objective/defensible compensation practices
Unpredictable financial future	Better employee retention??
Dissatisfaction with outcomes	Better student experience

Risks and Rewards

- Why do a compensation study?

- What do you stand to gain?

- What do you stand to lose?

- How can you mitigate risks and maximize rewards?

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Challenges for compensation studies

Big Challenges

Job Titles

Are descriptions in order?

Benchmarking Across Industries

Different pay for different academic disciplines?
Access to private data?

Employee Participation

Who should we notify/include in the process?

Cost/ROI

What will you gain from an adjustment?
What do you stand to lose?

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Special Considerations

Things to iron out *before* the study:

- On job descriptions

  - Higher ed has unique job titles

  - Benchmark the *description*, not the title

  - Make sure descriptions are accurate first

- On employee participation:

  - Steering committee/working group not uncommon

  - What *should* they bring to the table?

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Smaller Considerations

Data access

- Most publicly available info is limited
- Often requires some purchase or subscription

Long-term pay structure

- Are you doing a one-time adjustment or revising your pay structure?
- How do you know if you can afford this in the long-run?

Internal equity

- Different from benchmarking; may still persist following a market adjustment
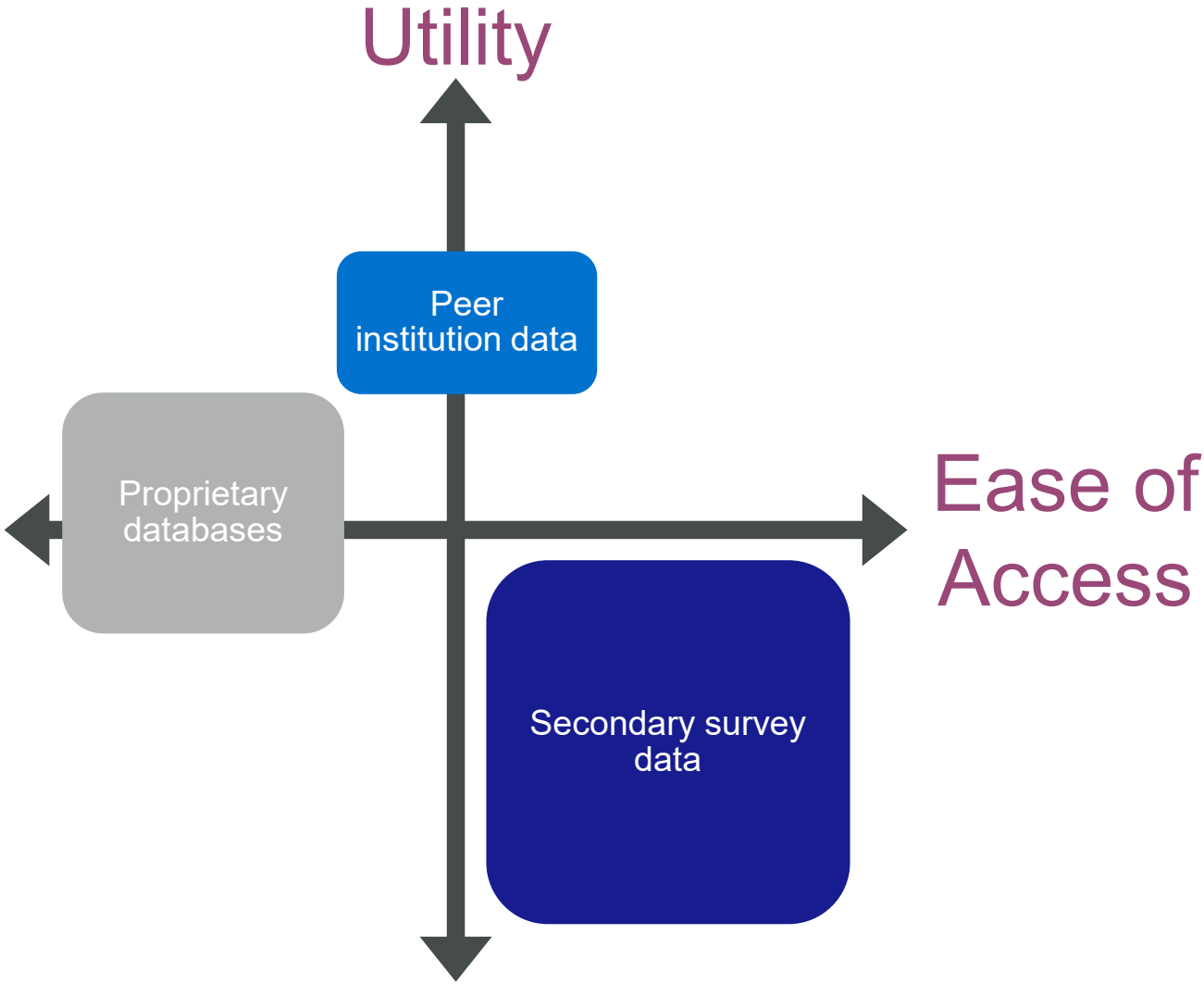
People and process

- System for regular review
- Prioritization
- Champion

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Data sources and uses

Data Types

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Sources and Challenges

	High Access – Low Utility	Medium Access – High Utility	Low Access – Medium Utility
Examples	IPEDS, BLS, Industry Surveys	Posted job descriptions	ERI, CUPA, Indeed.com
Challenges with Use	Often aggregated across broad job categories	Difficult/tedious to obtain all data; not all information is public	Difficult to match job titles/descriptions; expensive to obtain
Best Practices for Use	High-level, with other sources	Focus on specific jobs; with mission- and resource-aligned matching	Be sensitive to cost of living, benchmarking standards

A good study likely uses all three data types

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Important Questions

To drive your data sources and uses:

1. Why are you reviewing compensation?

2. Are you benchmarking certain positions or all of them?

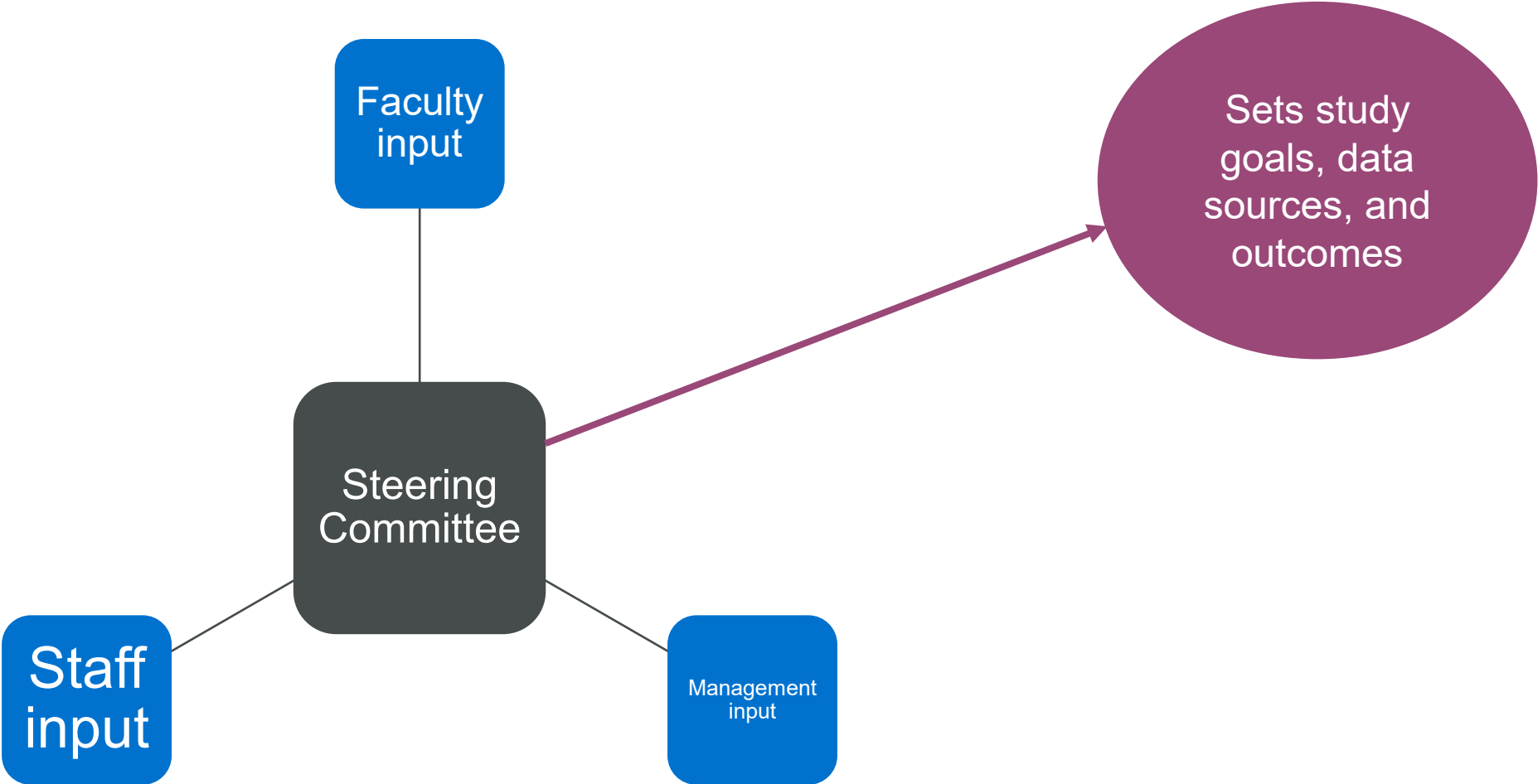3. How much time/resources will you dedicate to the study, now and in the future?

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Common models

Option 1: Management Only

Need identified and goals set

Data acquired and compared to existing salaries

Adjustments evaluated and implemented

Stakeholders notified here

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Option 2: Inclusive

Faculty input

Staff input

Steering Committee

Management input

Sets study goals, data sources, and outcomes

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Option 3: Hybrid

Town hall to engage stakeholders

Notification/update on progress

Stakeholders notified of outcomes and why

Need identified and goals set

Data acquired and compared to existing salaries

Adjustments discussed and implemented

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Comparing Models

	Pros	Cons
Option 1: Management only	Fast, clean, awareness of resources	Perception of subjectivity, less buy-in
Option 2: Inclusive	More likely to have stakeholder support, increased transparency and awareness	Slow, potential for disruptors, recommended outcome may not align with institutional finances
Option 3: Hybrid	Fast-ish, transparent, realistic outcomes	Potential for perception of superficial attempt at inclusivity (needs a strong facilitator/leader)

Think about these in terms of the risks vs. rewards discussed earlier

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Answering these questions before you begin will help you identify your potential data sources, challenges, and model:

1. Why are you doing a compensation study?

2. Are your systems and structures ready for one?

3. When do you want it done?

4. How much will you spend on the study?

5. What adjustments can you afford and over what period of time will you make them?

6. What is your culture for broad stakeholder input?

Designing Your Study

Goals

People

Data

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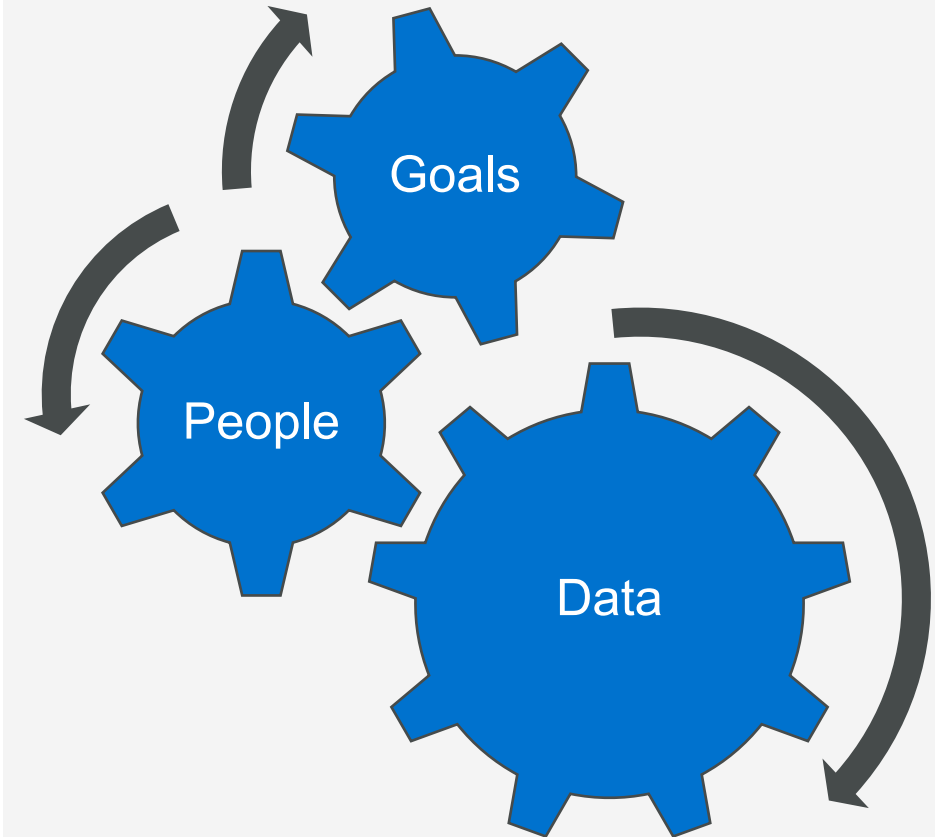
Tips from the Field

We've done these. Here's what we've learned:

- Know your goals

- Have a forecast with several scenarios for big revenues and expenses to provide context for your outcomes

- Determine the appetite/need for an external voice/leader/facilitator in the process

- Make the process part of your annual review

- Be prepared for skepticism, but remember that a regular review and strong design can become part of your culture/expectations

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Contact

Forvis Mazars

Rachel Pauletti, Ph.D.
Director
P: 813.692.4603
Rachel.Pauletti@us.forvismazars.com

Thank you!

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