

All policy related information contained within this presentation are recommendations that have not yet been adopted by the MCCCDC Governing Board.

Human Capital Management Release 4 (R4) Compensation & Classification

Policy Review Work Session



Overview

- Historical Context
- Classification/Compensation Relevant Components
- Items to be Delivered February 5, 2018
- Policy Review & Presentation of Revised Policies Aligned to New Classification/Compensation Structure

Context for today's discussion

- Institutional decision to conduct classification/compensation study (2012)
 - Reduce number of classifications from over 1800 to under 500
 - Move to open range pay system
 - Faculty not included; will be included after staff in a separate track

Compensation Philosophy

We are committed to a fair, consistent, flexible and competitive classification and compensation program that supports the mission and vision of MCCCCD. Our classification and compensation program is designed to attract and retain a high-quality and diverse workforce through competitive and progressive pay practices that are externally competitive and internally equitable; and supports a fiscally responsible pay program.



Context for today's discussion

- June 2017—Board Action Item rescinding delegation of authority for employee policies
- September 2017—Board Resolution to draft new, updated employee policies that support the District's ability to operate fluidly and efficiently to meet the goals of its strategic commitments
- November 14, 2017—work session to respond to those directives in preparation of release HCM R4 and implementation of Class/Comp
- Remaining policies in staff policy manual to be addressed in accordance with proposed Work Plan



Classification / Compensation Relevant Components

Classification

- *Includes classification structure, such as
 - grades,
 - job families, and
 - job series.*
- *Went from over 1800 classifications to 255.*



Compensation: Open Range

- *Has a minimum, midpoint and maximum value assigned to each grade.*
- *An employee's salary can be at any point between minimum and maximum.*

Compensation: Performance Based Pay

Rewards employees for meeting performance targets that are linked to organizational goals.

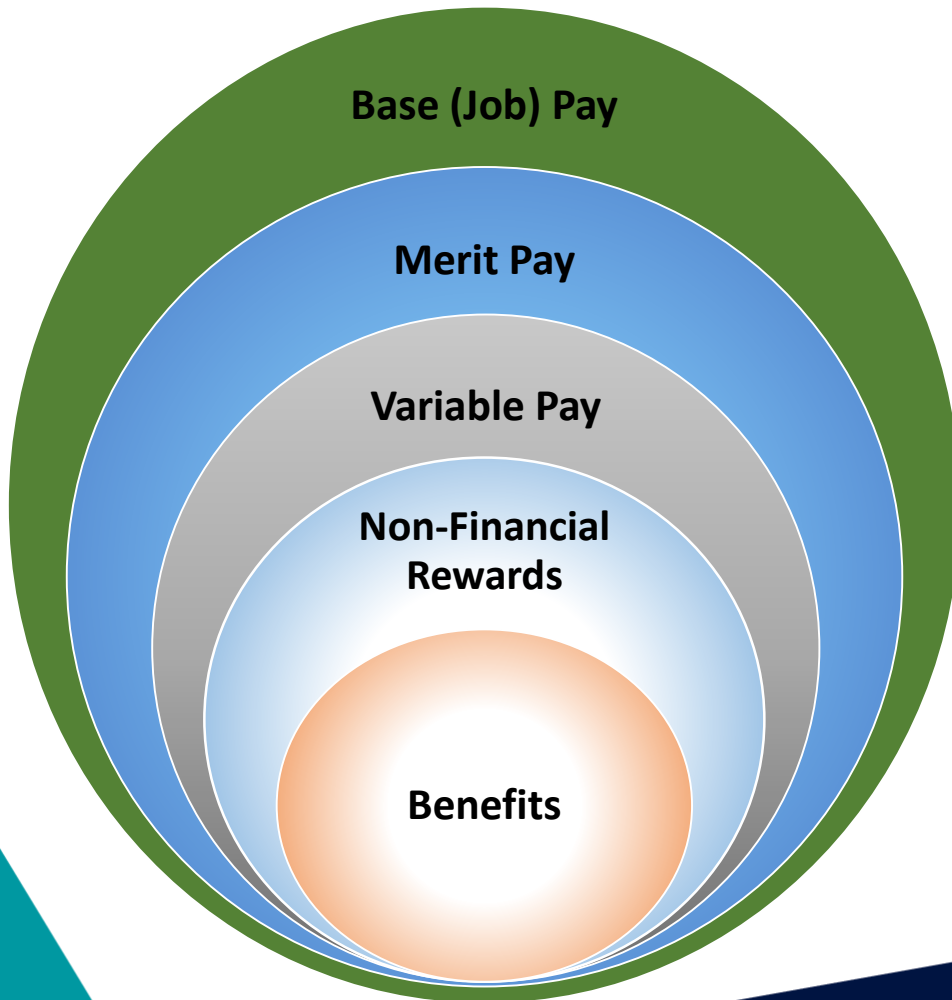
Includes:

- *Base pay*
- *Merit pay*
- *Variable pay (incentives)*



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MCCCD Compensation Model of the Future: Total Rewards



- **Base Pay** – fixed (“cash”) compensation based on current role and market
- **Merit Pay** – percentage increases or flat amount added to base salary based upon the employee’s contributions and achievements.
- **Variable Pay** – a lump-sum payment earned depending upon achievement of performance targets or goals. Variable pay does not adjust base pay.
- **Non-Financial Rewards** – non-cash awards to recognize a specific achievement
- **Benefits** – part of the *Total Rewards Compensation Model* and includes both mandatory benefits and voluntary programs

GOAL: A Comprehensive, Robust Talent Management System...

...designed to enable achievement of Maricopa's transformation and strategic commitments



Technology

Maximize functionality of system through reduction in customizations and elimination of manual processes where possible thus improving process efficiencies and enabling improved compliance.

Timeline: 2014 - 2018

HR Redesign

Redesign of HR workflow and business processes to meet advanced talent management needs of MCCCCD, design and functionality of HR system with a focus on operational excellence, products / service / outcomes / customer experience; and end-to-end view of work across employment life cycle, no silos.

Timeline: 2017-2020

Classification & Compensation

Valid, reliable classification/compensation system designed to be fiscally responsible, externally market competitive/internally equitable. Encourage attraction of top talent and comply with pay equity and other applicable laws.

Completion of the Study sets the foundation for implementation of a performance based pay system for appropriate performance rewards and incentives.

Timeline: 2012 - 2018

Performance Management

Competency based easy to use electronic tool tied to system and local strategic commitments and goals. Establishes common language for success factors across jobs.

Includes employee career development & succession planning feature essential for talent management

Timeline: 2017-2020

Talent Management

Organizational capability to attract, engage, develop and retain talent necessary to advance transformation, system priorities and objectives.

Talent management includes succession planning and facilitates employee career mobility.

-Requires technology infrastructure supportive of talent management essentials

-Equitable, clearly distinguishable classifications upon which to build competencies

-Competitive compensation system, which incentivizes workforce to excel

- Performance management system for accountability, measurement of progress and rewards

Workforce Analytics

Establishing consistent utilization of data and data analytics across the system relative to how the workforce is moving and trending



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To be Delivered February 5, 2018

- Implemented classification & compensation structure reflective of open range system
- Policies to support these changes in place (drafted and adopted by the Governing Board)
- Detailed implementation plan for rollout of performance based pay to include leadership and employee training



To be Delivered February 5, 2018

- Completed e-performance tool to support competency-based outcomes focused on performance management, career, and succession planning; and supports a performance based pay environment
- E-compensation functionality delivered to support performance based merit and variable pay
- All additional elements of HCM R4 (in addition to and outside of classification and compensation configuration)



Policy Review

- Reviewed over 30 policy topics relating to classification, compensation, and employment mobility
- These policies were located in different employee policy manuals with differing terms that meant the same thing
- In most cases, the terms were a mix of both policy and procedure
- The goal was to move to a more concise, accurate, and understandable set of policies to be consistently applied throughout Maricopa



Policy Review

Further streamlined to three single policy documents using the following design criteria:

- Simplify
- Consolidate like topics, introduce consistent use of language
- Separate procedures from policy documents
- Integrate best practices modeled after other higher education institutions
- Ensure policy language conducive to move to performance based pay environment
- Include hyperlinks where appropriate (i.e., FLSA laws, I-9 requirements)
- Include a single Definitions section (glossary, not policy)

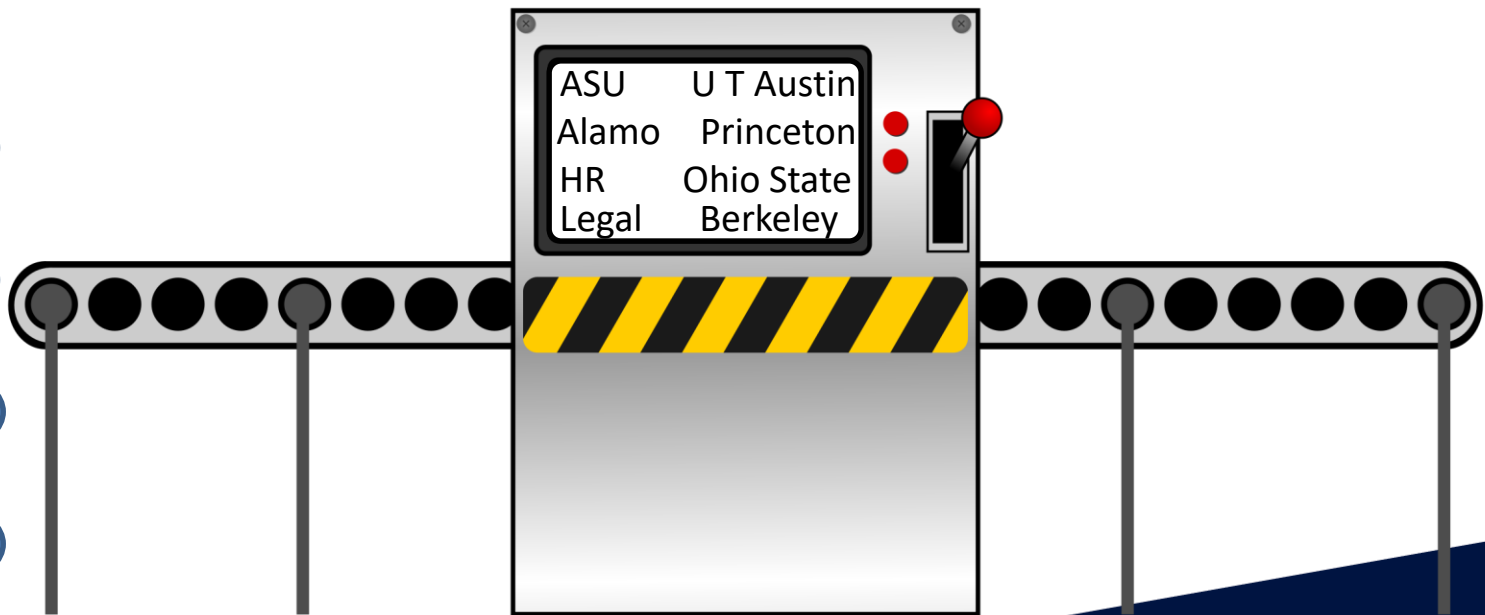


Policy Review

Revised Policies

Over 30 Policy Topics

- Policy / Procedure
- Policy / Procedure
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Result: More Concise, Accurate, and Understandable Set of Policies

- In order for HCM R4 to go live in February, it is recommended that the Board adopt the following three policies:
 - Compensable Time
 - Salary Administration
 - Classification and Employment Mobility



Example – Compensable Time

- Identified various references covering same topics
- Located in 23 different places throughout the policy manuals describing the different aspects of compensable time in varying ways
- Now these topics are easy to understand and locate
- Procedures have been separated out and placed in corresponding procedure documents

Revised Policies – Compensable Time

Compensable Time covers the following topics:

- Overtime, Blended Overtime
- Compensatory time
- Shift Differential
- Uniform Allowance
- Holiday Pay
- On-Call and Emergency Call-Back Pay



Revised Policies – Salary Administration

Salary Administration covers the following topics:

- Initial Pay Placement
- Promotions, Lateral Changes, Demotions, Reclassifications
- Annual Pay Increases
- Anniversary Awards
- Temporary Assignments
- Educational Awards



Revised Policies – Classification and Employment Mobility

Classification and Employment Mobility covers the following topics:

- Classification of Positions
- Employment Mobility



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Revised Policies – Next Steps

The adoption of these policies are what will complete the policy related requirements needed to implement HCM R4 / Classification & Compensation in February 2018



Timeline

- November 14th – Work Session To Review
- November 28th – Official First Read
- December 12th – Second Read and Requested Adoption
- February 5th – Implementation of HCM R4 and Class/Comp

QUESTIONS & ANSWERS



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