

# Total Compensation Market Analysis

University of Maine System

November 2011



## About This Material

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- The following material summarizes the results of the Total Compensation Market Analysis for the University of Maine System (“UMS”) Faculty and Exempt and Hourly Staff
- In addition to these materials, Aon Hewitt has also provided a Compensation Competitive Analysis Summary Report and a Benefit Index® Study

# Today's Agenda

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- Project Overview
  - Process
  - Methodology
- Summary of Results
  - Overall
  - Faculty
  - Exempt Staff
  - Hourly Staff
- Detailed Benefits Analysis
- Compensation Details

# Project Overview—Process

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## Three Phases of Competitive Analysis:

### Benefits

- Shows relative value and competitive positioning of each benefit area (i.e., retirement, health care) and in total
- Separate studies for Faculty, Exempt Staff, and Hourly Staff

### Compensation

- Analysis based on published data from AAUP, CUPA, and a variety of national and local survey sources were also used for Staff positions only
- Separate analysis for Faculty, Exempt Staff, and Hourly Staff
- Focus of compensation analysis based on salary-to-salary comparisons; excludes bonus

### Total Compensation

- Value of benefits “monetized” and combined with average cash compensation to show market positioning of total compensation
- Total compensation values derived by “rank” for Faculty and by “salary band” for Exempt and Hourly Staff
- Competitive position expressed as +/- % from market value for each level

# Benefit Index®—Methodology and Participation

## What It Measures . . .

- Total program value and employer-paid value for:
  - Retirement
  - Life (active and retiree)
  - Disability
  - Health Care (active and retiree)
  - Dependent Tuition
  - Time Off With Pay (Staff only)
- Benefits included are those available to new hires (grandfathered benefits are not considered)

## What It's Used For . . .

- Measure relative “value” and competitiveness of benefit programs
- Align with organizational objectives
- Model proposed plan changes
- Communicate with senior management and employees

## Methodology . . .

- Compares economic value—not cost or perceived value
- Standard populations used for benefit valuations
- Consistent assumptions and actuarial methods
- Comparator group chosen by UMS
- Total value (plan design value) and employer-paid value measured for each benefit area
- Comparator group average = 100; UMS value expressed as percentage of 100
- Employers consider 95 to 105 to be competitive

## Faculty (15)

California State University System  
 Indiana University  
 Montana State University  
 North Dakota State University  
 Rutgers  
 State University of New York at Buffalo  
 University of Colorado  
 University of Georgia  
 University of Illinois  
 University of Maryland  
 University of Missouri System  
 University of New Hampshire  
 University of North Carolina at Chapel Hill  
 University of Texas  
 University of Wisconsin

## Exempt Staff (15)

California State University System  
 Eastern Maine Medical Center  
 Hannaford Bros. Co.  
 Montana State University  
 North Dakota State University  
 State of Maine  
 State University of New York at Buffalo  
 University of Colorado  
 University of Illinois  
 University of Missouri System  
 University of New Hampshire  
 University of North Carolina at Chapel Hill  
 University of Texas  
 University of Wisconsin  
 Unum Group

## Hourly Staff (15)

California State University System  
 Eastern Maine Medical Center  
 Hannaford Bros. Co.  
 Montana State University  
 North Dakota State University  
 State of Maine  
 State University of New York at Buffalo  
 University of Colorado  
 University of Illinois  
 University of Missouri System  
 University of New Hampshire  
 University of North Carolina at Chapel Hill  
 University of Texas  
 University of Wisconsin  
 Unum Group

# Benefits Analysis—Methodology

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- Valuation Approaches

## **Preretirement Benefits:**

- One-year term cost
- Probability of event
- Lump-sum value

## **Postretirement Benefits:**

- Actuarial calculations
- Present value of projected benefits
- Allocated over working career
- One-year allocation expensed as a percentage of pay

## Benefits Analysis—Methodology

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### Sample Calculation – Preretirement Benefits

<b>Probability of Event Occurring</b>	<b>×</b>	<b>Lump-Sum Value of Payments</b>	<b>=</b>	<b>Benefit Index Value</b>
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Example: Group life plan benefit is one times base pay  
Value for a male, age 55, earning \$80,000 is:

$$0.5\%^1 \times (1 \times \$80,000) = \$400$$

Similar calculation performed for all employees in each population and all organizations in each study, and the individual amounts are totaled

<sup>1</sup>Probability of death for 55-year old male is approximately 0.5%

# Benefits Analysis—Methodology

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## Sample Calculation—Postretirement Benefits

- Project the future benefit for each employee in the population
- Based on assumptions about:
  - Future pay
  - Termination, disability and death
  - Age and length of service at retirement
- Benefit is allocated over the employee's working lifetime as a level annual percent of pay

Similar calculation performed for all employees in each population and all organizations in each study



# Pay Analysis—Methodology

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- Aon Hewitt conducted competitive assessments for both Faculty and Staff positions
  - For Faculty, data was extracted from the American Association of University Professors (AAUP) surveys
    - Select peer groups were chosen by UMS for each university; data reported by both rank; overall compensation comparisons are based on the weighted average of all peer group competitive data
    - 100% of Faculty jobs were matched to AAUP data representing 100%
  - For Staff, data was extracted from CUPA and a range of national and local survey sources
    - 88% of Hourly Staff jobs and 36% of Exempt Staff were matched to survey data
    - The CUPA data used for each position was the average of the market data for three distinct cuts of the survey:
      - ♦ The median salary by enrollment for public institutions
      - ♦ The median salary by budget for public institutions
      - ♦ The median salary by budget quartile and Carnegie classification
      - ♦ Please note that data varies by university due to differences in enrollment, budget, and classification; additional detail by campus is provided in the compensation detail at the end of this report

# Total Compensation Analysis—Methodology

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- Cash compensation (salary) values are already expressed in monetary terms, so a direct comparison between UMS's salaries and the external market is simple and straightforward
- Benefit Index® values represent economic values, not cost or perceived value
  - Economic value is the distribution that is “expected” by a typical individual
  - May be higher or lower than the actual cost and does not assess whether that benefit is of high or low emotional value to the person
  - Actuarial assumptions and valuation methodologies are used to derive the economic values
  - The external market represents the “base” consistent with the cash compensation comparisons
- Since the proportion of salary-to-benefit values changes at different salary levels, a number of clusters/salary bands were established to represent market positioning at different pay levels
  - For Faculty, 4 groupings were used—Instructors, Assistant Professors, Associate Professors, and Full Professors
  - For Exempt and Hourly Staff:
    - Salary bands of \$10,000 were established
    - Above \$100,000 the salary bands were progressively widened since fewer incumbents and external job matches were reported

# Total Compensation Analysis—Methodology

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- UMS's average salary and average benefit value were added together for each salary band
- Market average salary and average benefit value were added together for each salary band
- UMS's total compensation was compared to the market total compensation to calculate the UMS/Market total compensation position
  - Benefit values are smaller than corresponding cash compensation values and, therefore, the separate percent to market for salary and for benefit values cannot simply be “averaged”

# Summary of Results

## Total Compensation Analysis—Comments

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- The measurement and assessment of the external market follows a structured and consistent process—but there are challenges:
  - The market is dynamic and there are inevitable differences in peer groupings across surveys and within surveys across time
    - Inasmuch as every organization is unique, the establishment of exact job matches is not possible
      - ♦ Compensation theory states that a 75% overlap of duties and responsibilities represents “a match”
    - Differences in incumbent pay due to performance, experience, and scope factors also add dispersion to the data
  - For these reasons, we often observe greater variation in comparative compensation values than in comparative benefits values

## Total Compensation Analysis—Comments

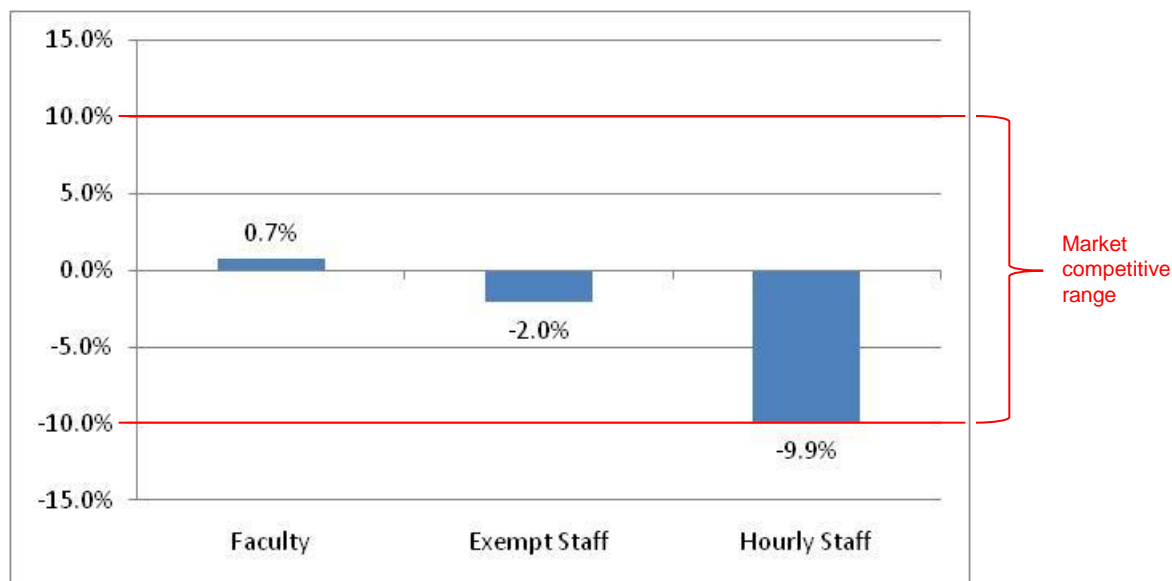
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- For purposes of defining “competitive” we see a range above and below market as being “market competitive”
  - For compensation analysis: +/- 10% of market
  - For Benefit Index®: +/- 5 index points
  - For total compensation: +/- 10% of market
- Other factors can also be considered:
  - Being 10% above the 75th or 90th percentile of the market (if that is a competitive goal) is different than being 10% above the median of the market
  - The state of the market—being 10% behind a rising market, or 10% above a falling market—represent additional risk than what exists in a “stable” market
- Our analysis is compared to the market median; cash compensation values in the external market are stable; benefits values in the external market are declining slowly; thus our normal competitive parameters are appropriate

# Overall Base Salary

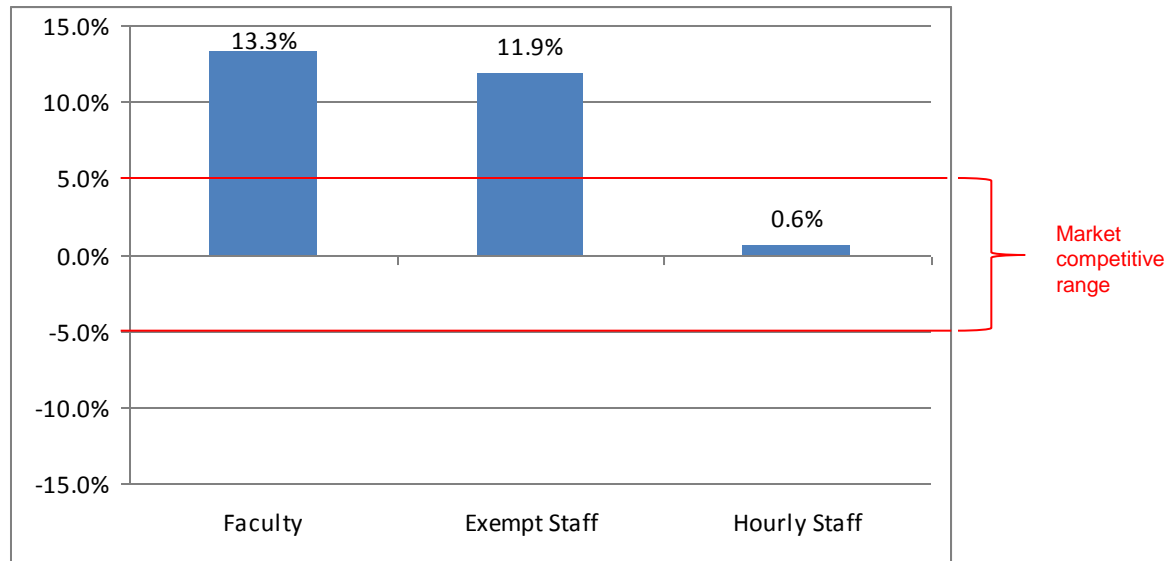
## Overall Base Salary Comparison to Market

- Salaries for Faculty and Exempt Staff are in line with the market
- Hourly Staff base salaries are less competitive overall, reaching a near-below market level in the aggregate
- The analysis excludes any variable pay, but this is immaterial since variable pay is largely not present in higher education and of minor impact in UMS's overall blended peer group



# Overall Benefits

## Overall Employer-Paid Benefits Comparison to Market

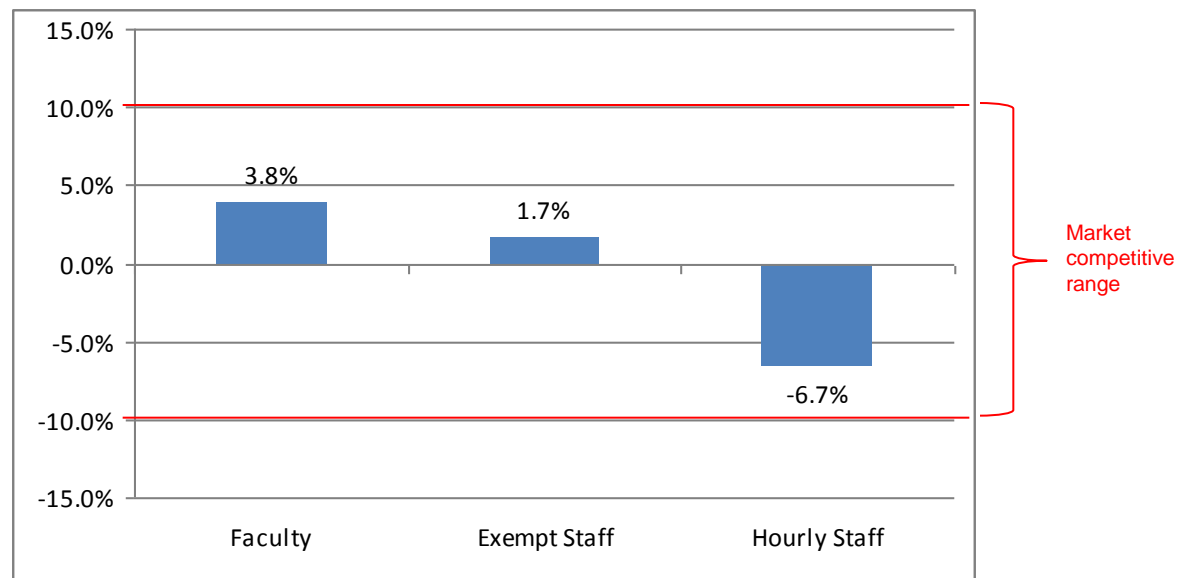




# Overall Total Compensation

## Overall Total Compensation Comparison to Market

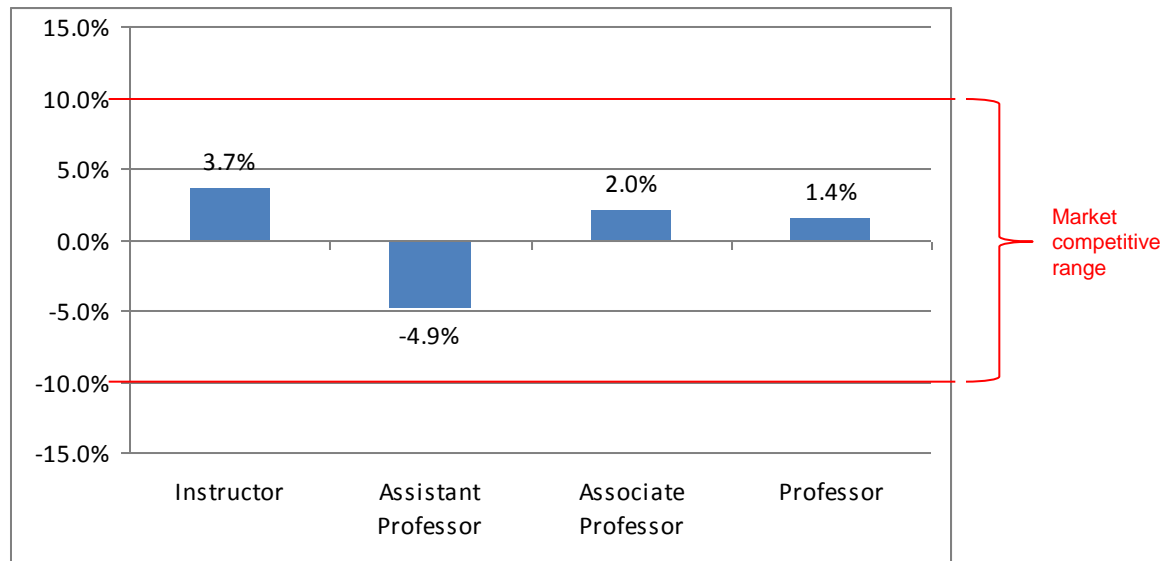
- Total compensation of Faculty and Exempt Staff are in line with the market
- While total compensation for Hourly Staff is also within a market-competitive range, it is less competitive than for Faculty and Staff
- The relative market position of benefits brings total compensation into a more favorable position, but since benefits are a smaller proportion of total rewards than compensation, the overall UMS competitive position remains within the market comparative range



# Faculty Base Salary

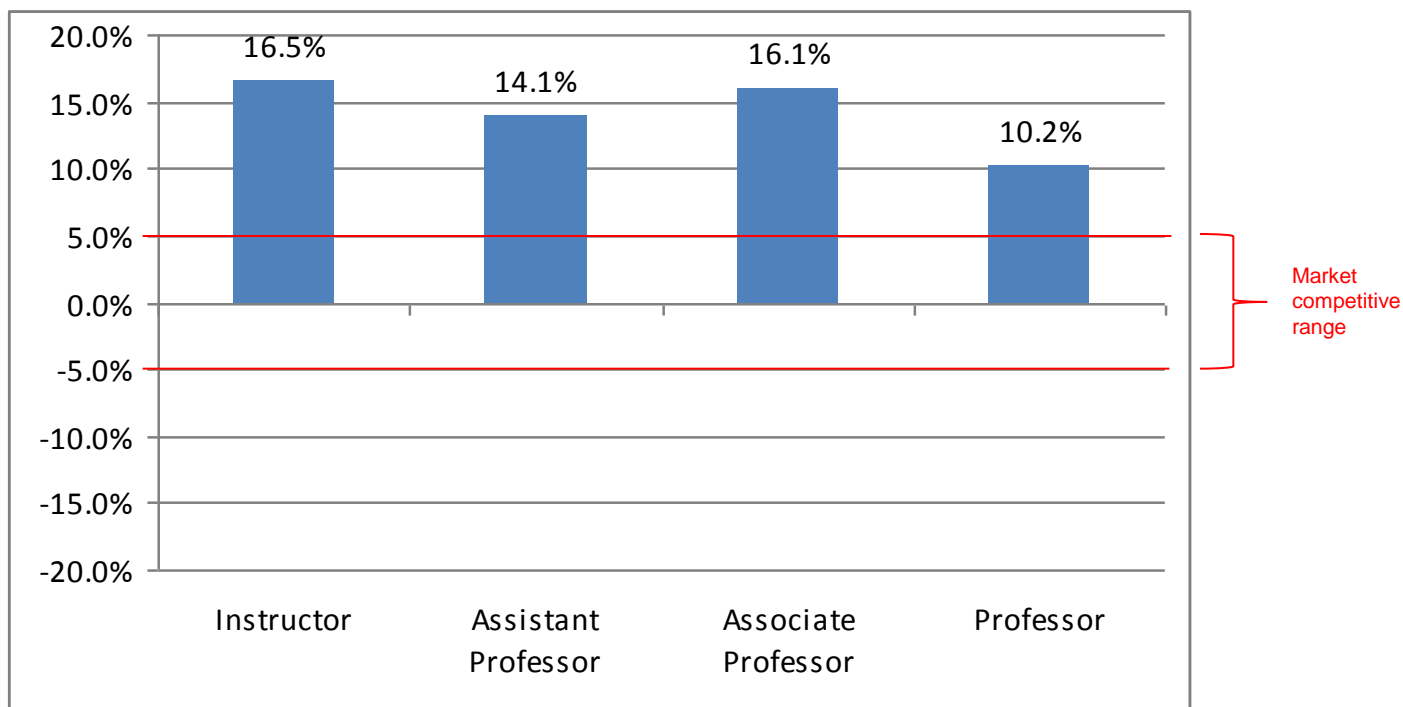
## Faculty Base Salary Comparison to Market

- Base salaries for all Faculty ranks in the aggregate are within market-competitive ranges
  - However, we suggest reviewing the competitiveness on an incumbent-by-incumbent basis to assure competitiveness within ranks
  - Competitive positioning for assistant professors is low compared to all other ranks
    - The drivers of this positioning should be reviewed (e.g., recent hirings, turnover, etc.)



# Faculty Benefits

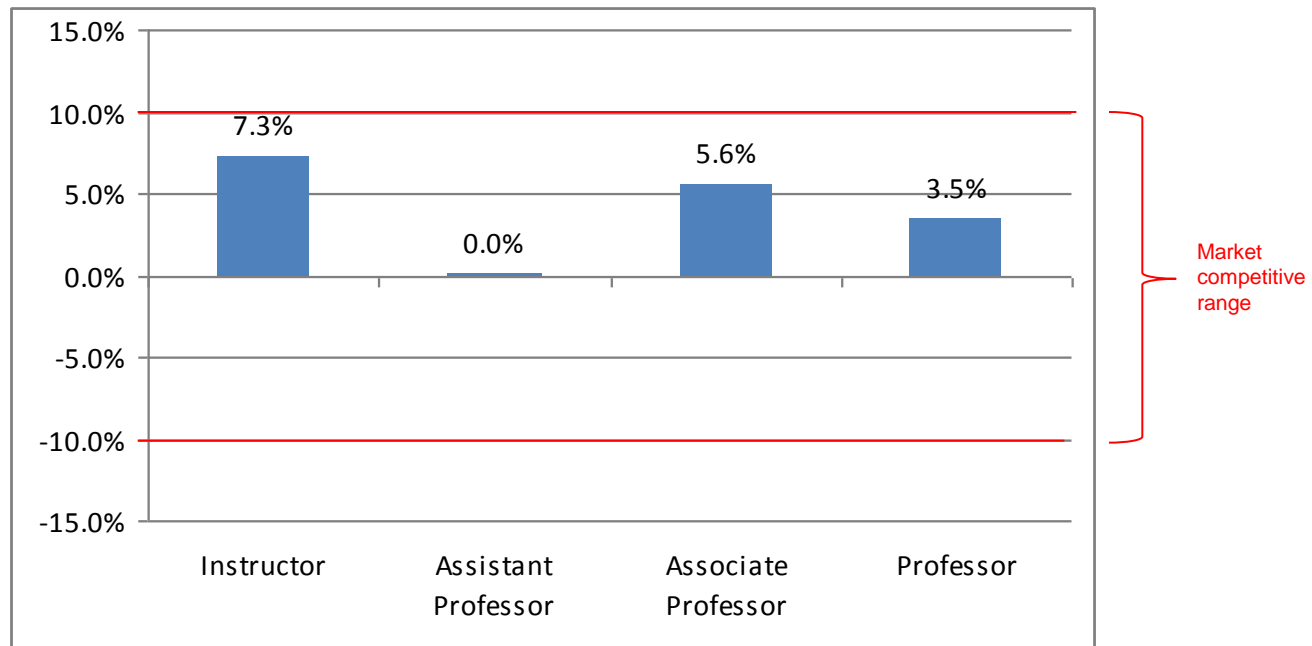
## Faculty Employer-Paid Benefits Comparison to Market



# Faculty Total Compensation

## Faculty Total Compensation Comparison to Market

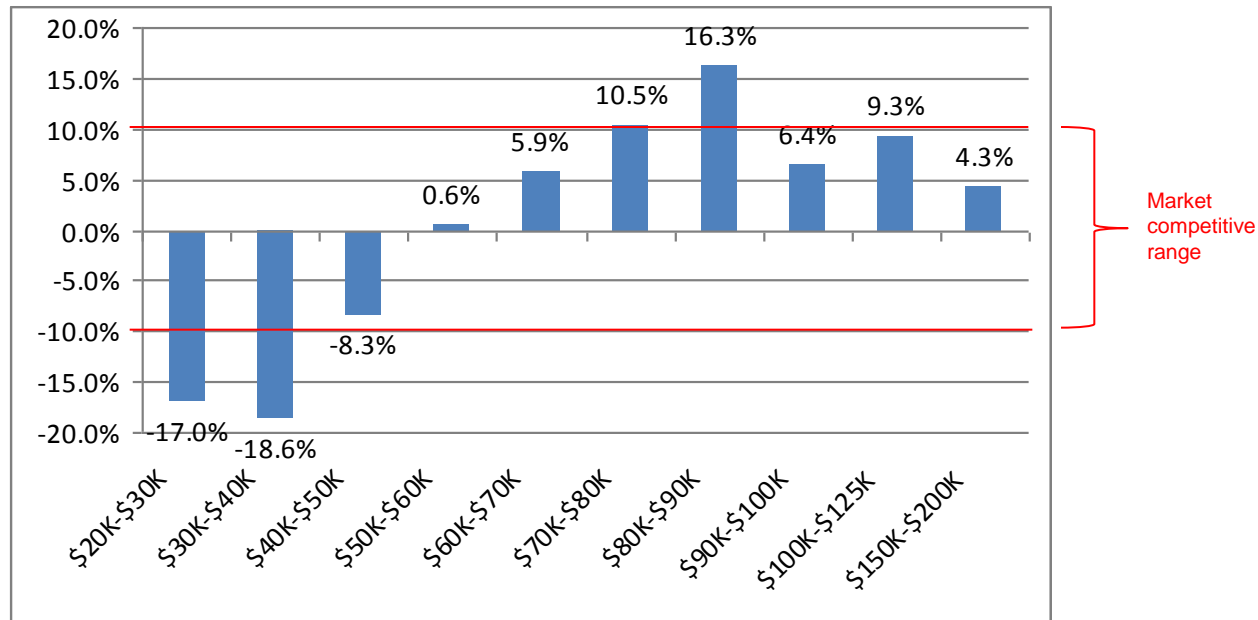
- Benefits values improve the overall competitiveness of total compensation for all Faculty ranks, with total compensation for instructors nearing an above-market level



# Exempt Staff Base Salary

## Exempt Staff Base Salary Comparison to Market

- Competitiveness of base salary varies across salary bands, with base salaries for the lowest paid employees falling below market-competitive levels
- The relative positioning of employees earning \$80K-\$90K in base salary is above those of other pay levels
  - As shown in the Compensation Details at the end of this report, employee seniority helps explain this positioning

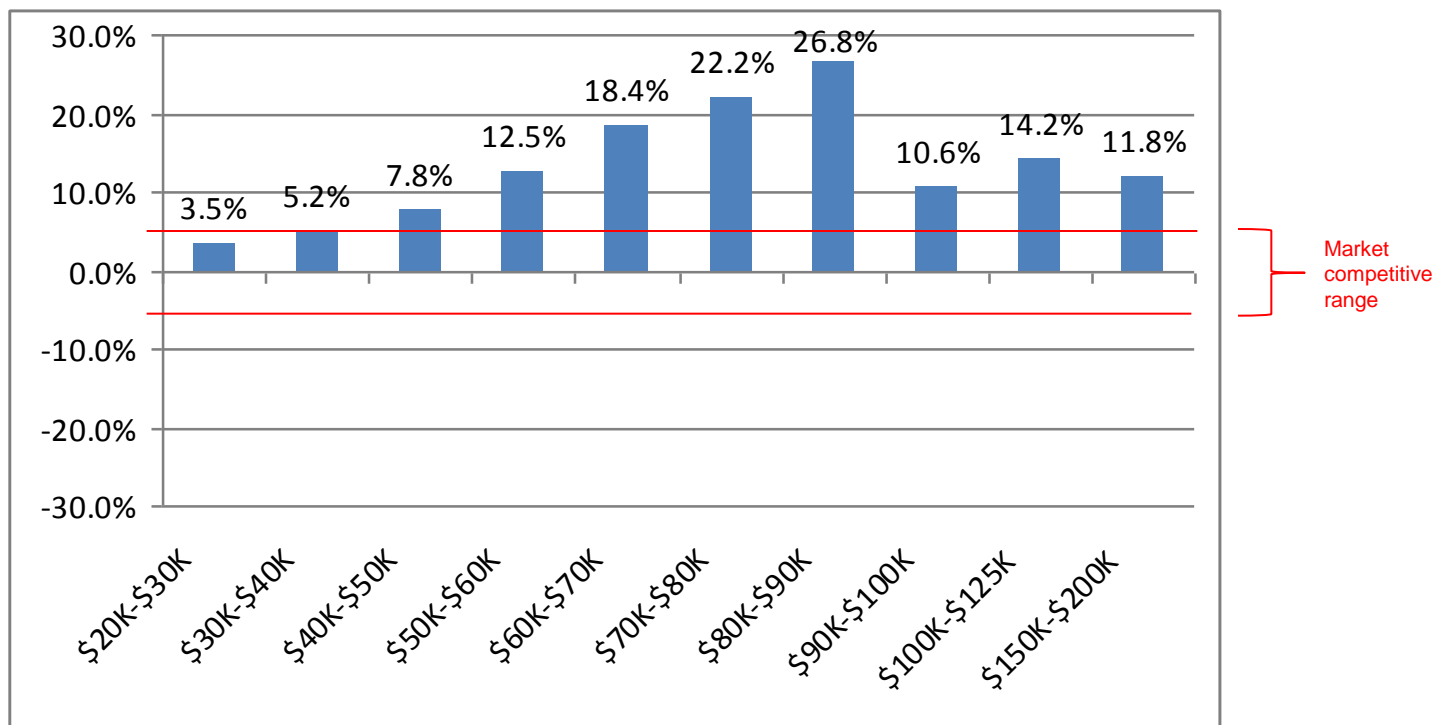


### Notes:

Data was not reported for the \$125K-\$150K salary band because there was only one incumbent included in this salary band and this incumbent data was an outlier. Pay data for one incumbent was excluded from the \$100K-\$125K salary band because the incumbent data was an outlier.

# Exempt Staff Benefits

## Exempt Staff Employer-Paid Benefits Comparison to Market



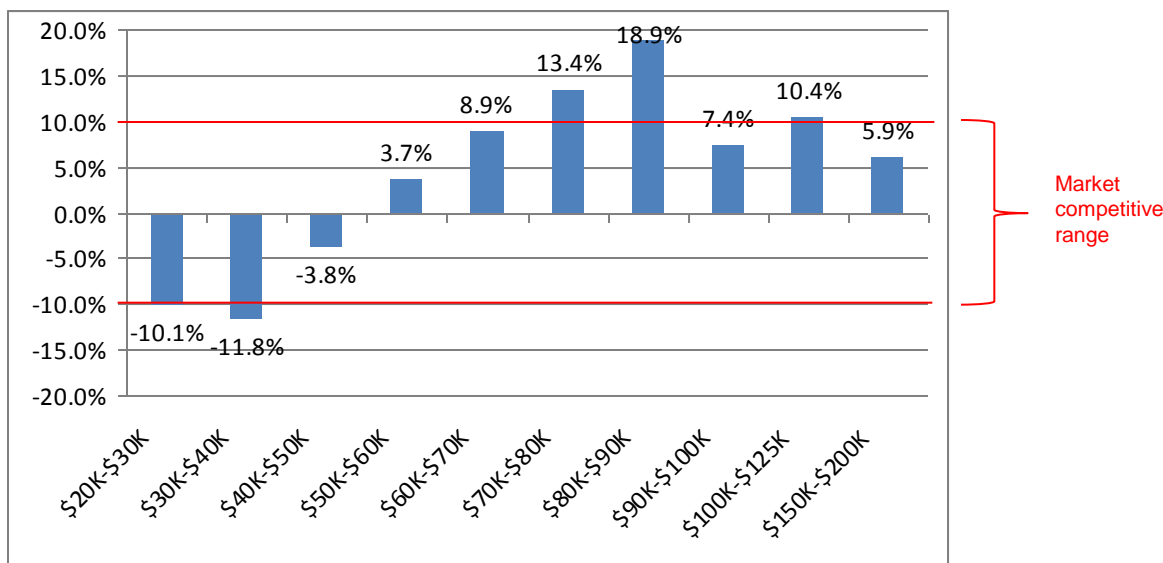
### Notes:

Data was not reported for the \$125K-\$150K salary band because there was only one incumbent included in this salary band and this incumbent data was an outlier. Due to the complexity of removing the data for one incumbent from the \$100-\$125K salary band from the benefits analysis, this data was not excluded despite it being an outlier (this does not directionally impact the results).

# Exempt Staff Total Compensation

## Exempt Staff Total Compensation Comparison to Market

- Competitiveness of total compensation across Exempt Staff salary bands mirrors that for base salary and benefits
  - Since some benefit values are linked to pay level the benefit and total compensation positioning of the \$80K-\$90K salary range has been influenced by above-market base salaries



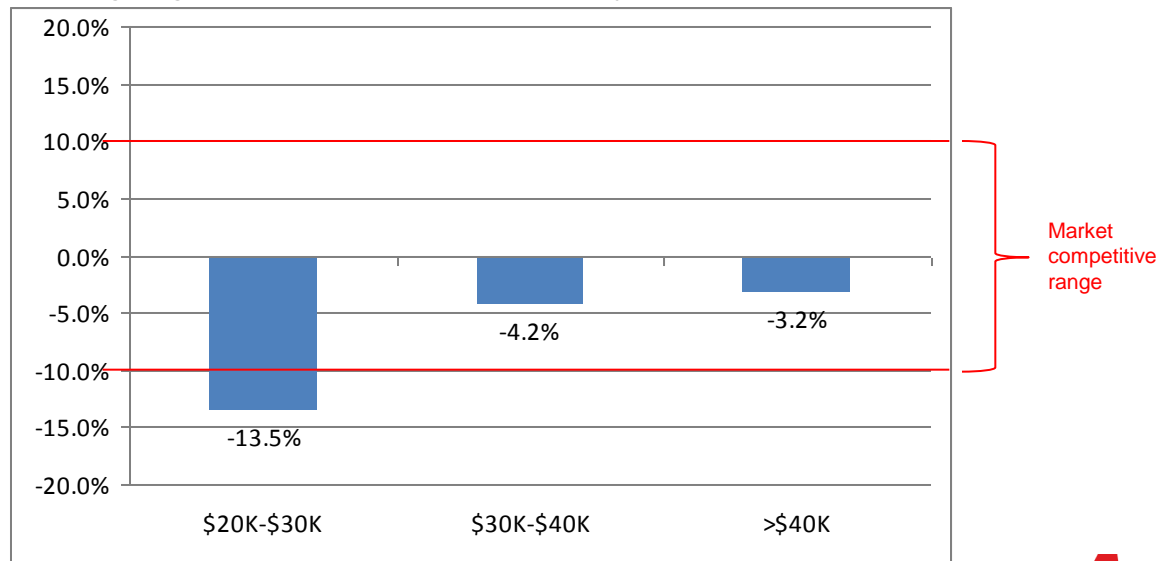
### Notes:

Data was not reported for the \$125K-\$150K salary band because there was only one incumbent included in this salary band and this incumbent data was an outlier. As previously noted, the salary data for one incumbent was excluded from the \$100K-\$125K salary band because the incumbent data was an outlier. Due to the complexity of removing the data for one incumbent from the benefits analysis, this data was not excluded for benefits despite it being an outlier. (The overall impact of this difference does not directionally impact the results.)

# Hourly Staff Base Salary

## Hourly Staff Base Salary Comparison to Market

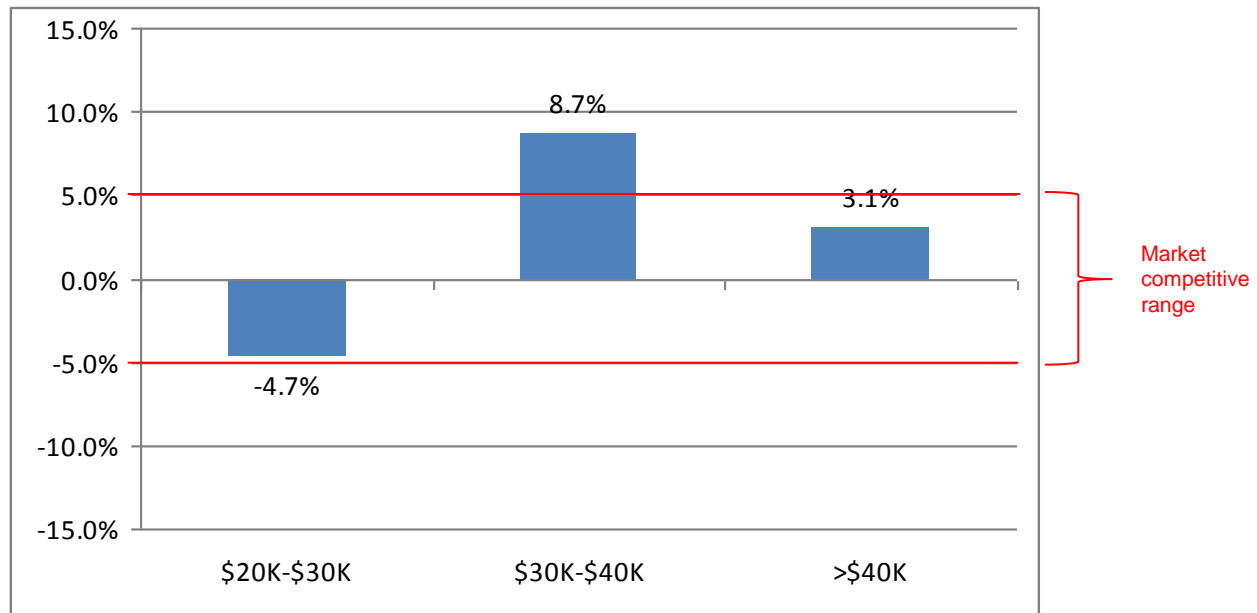
- Base salaries for the lowest salary band are below market competitive levels in the aggregate
  - Competitiveness improves as salary bands increase
- Competitiveness on an individual basis (incumbent by incumbent) varies significantly
- The positioning for the \$20K-\$30K salary range is due, in part, to the limited seniority of the population
  - Other explanations for this positioning may include UMS being an employer of choice and able to hire employees at lower salaries, UMS's ability to hire at this pay level based on the competitiveness of its benefit package, or the market data may be influenced by higher wage areas beyond UMS's geographic location and employee base





# Hourly Staff Benefits

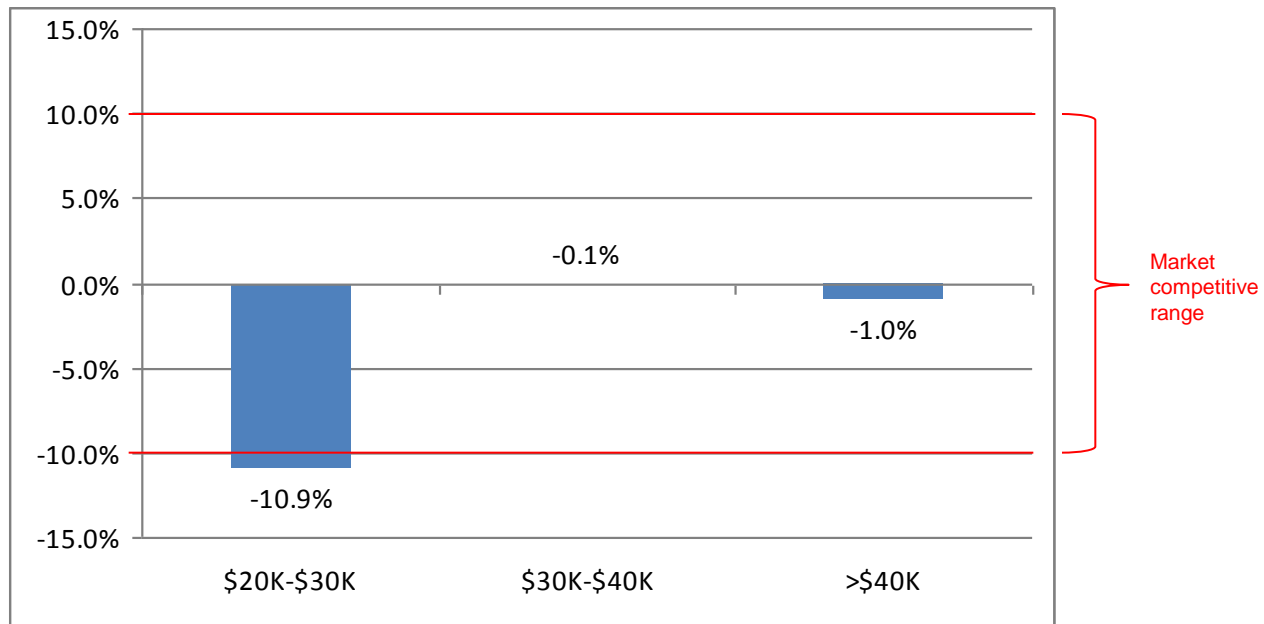
## Hourly Staff Employer-Paid Benefits Comparison to Market



# Hourly Staff Total Compensation

## Hourly Staff Total Compensation Comparison to Market

- Total compensation for the lowest salary band is below market competitive levels



# Detailed Benefits Analysis

# Faculty Retirement Income Benefits

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- Retirement Income includes defined benefit (DB) pension plans and defined contribution (DC) plans (matching and non-matching)
- Peer universities generally provide DC plans, though some offer one-time choice between DB and DC
- The average university DC contribution is 8.7% of pay
  - About 85% of the peer universities require faculty contributions to receive the full university contribution
  - The faculty contribution averages about 5.3% of pay
- The UMS contribution is 10% of pay, and contributions of 4% of pay are required by the faculty
  - University-provided benefit is roughly 15% larger than the peer university average
  - UMS also provides for immediate eligibility and immediate vesting, increasing the overall plan value
- Overall, the faculty retirement benefit is about 33% larger than the peer average
  - This is also reflective of salary differences for UMS relative to market

## Exempt Staff Retirement Income Benefits

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- Retirement Income includes defined benefit (DB) pension plans and defined contribution (DC) plans (matching and non-matching)
- Peer universities generally provide DC plans (though some offer one-time choice between DB and DC), while non-university peers all provide DB plans, generally with a 401(k) plan as well
- The average university DC contribution is 8.25% of pay
  - About 85% of the peer universities require contributions to receive the full university contribution
  - The staff contribution averages about 5.3% of pay
  - The DB plans in this study provide smaller overall value than the peer DC plans, but these organizations generally have a 401(k) match adding 3.3% of pay on average
- The UMS contribution is 10% of pay, and contributions of 4% of pay are required by the staff
  - University-provided benefit is roughly 20% larger than the peer DC plans
  - UMS's vesting requirement is five years for staff, decreasing the overall plan value
- Overall, the staff retirement benefit is about 34% larger than the peer average
  - This is also reflective of salary differences for UMS relative to market

# Hourly Staff Retirement Income Benefits

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- Retirement Income includes defined benefit (DB) pension plans and defined contribution (DC) plans (matching and non-matching)
- Peer universities often provide DC plans (though some offer one-time choice between DB and DC), but 5 of 11 university peers have a DB plan for hourly staff
- Non-university peers all provide DB plans, generally with a 401(k) plan as well
- The average university DC contribution is below 8% of pay
  - About 85% of the peer universities require contributions to receive the full university contribution
  - The hourly staff contribution averages about 6% of pay
  - The DB plans in this study provide smaller overall value than the peer DC plans, although these organizations generally have a 401(k) match adding 3.5% of pay on average
- The UMS benefit included up to a \$1 per \$1 match on 4% of pay, plus 6% of pay for employees with 4 or more years of service
  - University-provided benefit is about 32% below average for shorter-service employees
  - Plan value is about 25% above average for longer-service employees
  - UMS's vesting requirement is four years for hourly staff, decreasing the overall plan value
- Overall, the hourly staff retirement benefit is about 3% smaller than the peer average
  - This is also reflective of salary differences for UMS relative to market

# Faculty Health Care Benefits

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- Health care includes pre-retirement and post-retirement medical, dental, vision, and hearing
- UMS's active faculty enrollment is divided between the 80% PPO option and the Anthem HMO
- The PPO option provides less value than the typical peer university PPO plan, in part because the prescription drug coverage is below average
  - UMS's required faculty contributions are similar to the market
- The Anthem HMO has typical plan design value
  - UMS's required faculty contributions are a little smaller than average
- Two of the 15 peer universities vary faculty contributions by pay
- The dental plan at UMS provides an about average design value (no deductible, but lower annual maximum and orthodontia maximum)
  - UMS's contribution requirements are larger than average
- About 80% of the peer universities subsidize the cost of retiree medical coverage
  - UMS requires future pre-Medicare retirees to pay the full cost of coverage (based on new hire benefits, so using the 1/1/2019 retirement provision)
  - UMS's post-Medicare retiree service-based contributions (and 50% dependent subsidy) produce similar value to the peer university programs
- UMS's *active* health care values for faculty are about 4% above market, UMS's *retiree* health care values (pre-Medicare and post-Medicare) are about 47% below market, and UMS's *overall* health care value is about 1% below market

## Exempt Staff Health Care Benefits

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- Health care includes pre-retirement and post-retirement medical, dental, vision, and hearing
- UMS's active staff enrollment is divided between the 80% PPO option and the Anthem HMO
- The PPO option provides similar value to the typical peer PPO plan, with above average deductible and out-of-pocket limit (\$300 and \$1,100), but below average coinsurance and prescription drug copays
  - UMS's required staff contributions are smaller than the market
- The Anthem HMO has typical plan design value
  - UMS's required staff contributions are a little smaller than average
- The dental plan at UMS provides an about average design value (no deductible, but lower annual maximum and orthodontia maximum)
  - UMS's contribution requirements are larger than average
- About 67% of the peer organizations subsidize the cost of retiree medical coverage
  - UMS requires future pre-Medicare retirees to pay the full cost of coverage (based on new hire benefits, so using the 1/1/2019 retirement provision)
  - UMS's post-Medicare retiree service-based contributions (and 50% dependent subsidy) produce similar value to the peer organization programs
- UMS's *active* health care values for staff are about 7% above market, UMS's *retiree* health care values (pre-Medicare and post-Medicare) are about 36% below market, and UMS's *overall* health care value is about 4% above market



# Hourly Staff Health Care Benefits

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- Health care includes pre-retirement and post-retirement medical, dental, vision, and hearing
- UMS's active hourly staff enrollment is divided between the 80% PPO option and the Anthem HMO
- The PPO option provides similar value to the typical peer PPO plan, with above average deductible and out-of-pocket limit (\$300 and \$1,100), but below average coinsurance and prescription drug copays
  - UMS's required hourly staff contributions are smaller than the market
- The Anthem HMO has typical plan design value
  - UMS's required hourly staff contributions are a little smaller than average
- The dental plan at UMS provides an about average design value (no deductible, but lower annual maximum and orthodontia maximum)
  - UMS's contribution requirements are larger than average
- About 67% of the peer organizations subsidize the cost of retiree medical coverage
  - UMS requires future pre-Medicare retirees to pay the full cost of coverage (based on new hire benefits, so using the 1/1/2019 retirement provision)
  - UMS's post-Medicare retiree service-based contributions (and 50% dependent subsidy) produce similar value to the peer organization programs
- UMS's *active* health care values for hourly staff are about 4% above market, UMS's *retiree* health care values (pre-Medicare and post-Medicare) are about 39% below market, and UMS's *overall* health care value is at market

## Other Faculty Benefits

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- Death Benefits
  - UMS's 1x pay group life is larger than most peers who are providing flat dollar amounts (seven universities) or no coverage (four universities)
  - Ten of 15 peers provide some free retiree life insurance
  - Overall, UMS's death benefits are about 22% above market (also reflective of salary differences for UMS relative to market)
- Long-Term Disability (LTD)
  - LTD is near the top of the range in values due to 3% COLA and \$13,000 monthly maximum
  - LTD plan at UMS is provided on a non-contributory basis; 8 of 15 peers have a free plan or free option
  - Overall, UMS's LTD benefit is about 36% above market (also reflective of salary differences for UMS relative to market)
- Dependent Tuition Reimbursement
  - Relative to the 10 peer universities with plans, UMS is about 10% below average because several peers provide more than 50% reimbursement
  - Because 5 of 15 peers do not provide a benefit program, UMS is above average
  - Overall, UMS's dependent tuition reimbursement benefit is about 32% above market

## Other Exempt Staff Benefits

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- Death Benefits
  - UMS's 1x pay group life is typical, but some peers are providing \$25,000 or less (three peers) or no coverage (three peers)
  - Nine of 15 peers provide some free retiree life insurance
  - Overall, UMS's death benefits are about 5% above market (reflective of salary differences for UMS relative to market)
- Short-Term and Long-Term Disability
  - STD benefits are part of the benefits analysis, but not included in benefit amounts for total rewards analysis
  - The UMS 20-day accrual is larger than average
  - LTD is near the top of the range in values due to 3% COLA and \$13,000 monthly maximum
  - LTD plan at UMS is provided on a non-contributory basis; 9 of 15 peers have a free plan or free option
  - Overall, UMS's LTD benefits are about 28% above market (reflective of salary differences for UMS relative to market)
- Dependent Tuition Reimbursement
  - Relative to the five peer organizations with plans, UMS is below average because one peer provides coverage at other schools
  - Because 10 of 15 peers do not provide a benefit program, UMS is well above average
  - Overall, UMS's dependent tuition reimbursement benefit is 89% above market

## Other Exempt Staff Benefits

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- Time Off With Pay
  - Time Off With Pay benefits are part of the benefits analysis, but are not included in benefits for total rewards analysis
  - The 12 holidays at UMS are slightly larger than the 11.5 day average of the 15 peers
  - UMS provides four weeks of vacation (24 days at 15 years of service)
  - The UMS vacation schedule is above average because several peers provide fewer than four weeks of vacation to shorter-service employees

## Other Hourly Staff Benefits

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- Death Benefits
  - UMS's 1x pay group life is typical, but some peers are providing \$25,000 or less (four peers) or no coverage (three peers)
  - Nine of 15 peers provide some free retiree life insurance
  - Overall, UMS's death benefits are about 10% below market (reflective of salary differences for UMS relative to market)
- Short-Term and Long-Term Disability
  - STD benefits are part of the benefits analysis, but not included in benefit amounts for total rewards analysis
  - The UMS STD plan is non-contributory and the 20-day accrual is larger than average
  - LTD is near the top of the range in values versus other LTD plans due to 3% COLA
  - Presence of pension disability benefits for four peers reduces UMS's competitive position
  - LTD plan at UMS is provided on a non-contributory basis; nine of 15 peers have a free plan or free option
  - Overall, UMS's LTD benefits are about 5% above market (reflective of salary differences for UMS relative to market)
- Dependent Tuition Reimbursement
  - Relative to the five peer organizations with plans, UMS is below average because one peer provides coverage at other schools
  - Because 10 of 15 peers do not provide a benefit program, UMS is well above average
  - Overall, UMS's dependent tuition reimbursement benefit is 84% above market

## Other Hourly Staff Benefits

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- Time Off With Pay
  - Time Off With Pay benefits are part of the benefits analysis, but are not included in benefits for total rewards analysis
  - The 12 holidays at UMS are slightly larger than the 11.75 day average of the 15 peers
  - UMS provides a service-based vacation schedule starting at 12 days for employees with fewer than 5 years service, 15 days for years 5 through 8, 18 days for years 9 through 12, 21 days for years 13 through 16, and 24 days for employees with 17 or more service years
  - The UMS vacation schedule is slightly below average because several peers provide 4 weeks of vacation to shorter-service employees

# Compensation Details

## University Details

- The following table details the enrollment, budget, and classification data by University within UMS
  - These data points are used to identify the appropriate cut of survey data from CUPA

	<i>University of Maine</i>	<i>University of Maine at Augusta</i>	<i>University of Maine at Farmington</i>	<i>University of Maine at Fort Kent</i>	<i>University of Maine at Machias</i>	<i>University of Maine at Presque Isle</i>	<i>University of Southern Maine</i>	<i>System Wide Services</i>
<b>FTE ENROLLMENT For Fall 2009</b>	9,653	2,776	1,954	733	561	1,062	6,971	23,711
<b>FY10 Operating Budget</b>	\$243.4M	\$34.8M	\$37.7M	\$12.6M	\$10.4M	\$15.8M	\$136.8M	\$509.1M
<b>Carnegie Classification</b>	Doctorate	Baccalaureate	Baccalaureate	Baccalaureate	Baccalaureate	Baccalaureate	Masters	Doctorate



# Employee Count

Faculty	
Instructor	44
Assistant Professor	239
Associate Professor	476
Full Professor	437

Exempt Staff*	
\$20K - \$30K	16
\$30K - \$40K	127
\$40K - \$50K	181
\$50K - \$60K	140
\$60K - \$70K	88
\$70K - \$80K	48
\$80K - \$90K	22
\$90K - \$100K	12
\$100K - \$125K	12
\$150K - \$200K	2

\*Count includes benchmark positions only

Hourly Staff	
\$20K - \$30K	1090
\$30K - \$40K	498
> \$40K	55

## All Exempt Staff Analysis

- The table below compares the average salary for the benchmark job incumbents and the average salary for all staff within each salary band for the exempt population
  - Overall, the total average salary is within 2% of the benchmark average
    - The majority of the bands (8/10) are within 1% of the average salary for the benchmarks
  - The comparison confirms that the benchmark jobs appropriately represent the total exempt population in terms of average salary level

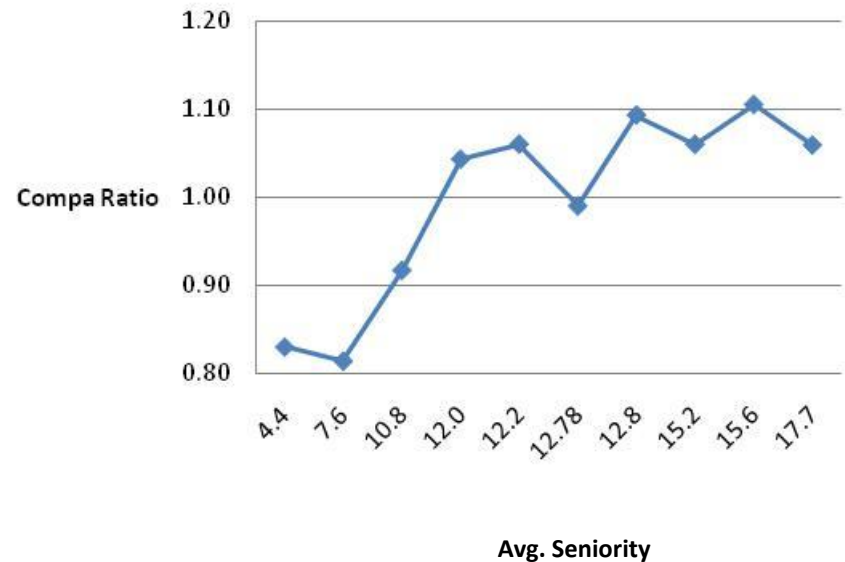
Band	Benchmark Avg. Salary	Total Avg. Salary	+/-
\$20K-\$30K	\$ 26,836	\$ 28,168	5.0%
\$30K-\$40K	\$ 35,663	\$ 35,900	0.7%
\$40K-\$50K	\$ 44,925	\$ 44,804	-0.3%
\$50K-\$60K	\$ 54,402	\$ 54,500	0.2%
\$60K-\$70K	\$ 64,179	\$ 64,543	0.6%
\$70K-\$80K	\$ 74,341	\$ 74,208	-0.2%
\$80K-\$90K	\$ 83,628	\$ 84,703	1.3%
\$90K-\$100K	\$ 95,172	\$ 94,943	-0.2%
\$100K-\$125K	\$ 110,035	\$ 108,915	-1.0%
\$125K-\$150K	N/A	\$ 128,426	N/A
\$150K-\$200K	\$ 153,503	\$ 153,503	0.0%
Overall*	\$ 52,223	\$ 51,231.27	-1.9%

\*Overall excludes the \$125K-\$150K salary band due to insufficient data for comparison.

## Exempt Seniority by Band

- The following compares UMS' competitive base salary positioning with the average seniority within the band for the exempt population
  - In general, the bands with the greater average seniority are more competitively positioned compared to the market
  - This is a common trend and helps explain why we find incumbents with salaries between \$60,000 and \$90,000 earning more competitive pay (higher compa ratios) than those staff with salaries between \$20,000 and \$50,000 (with lower compa ratios)

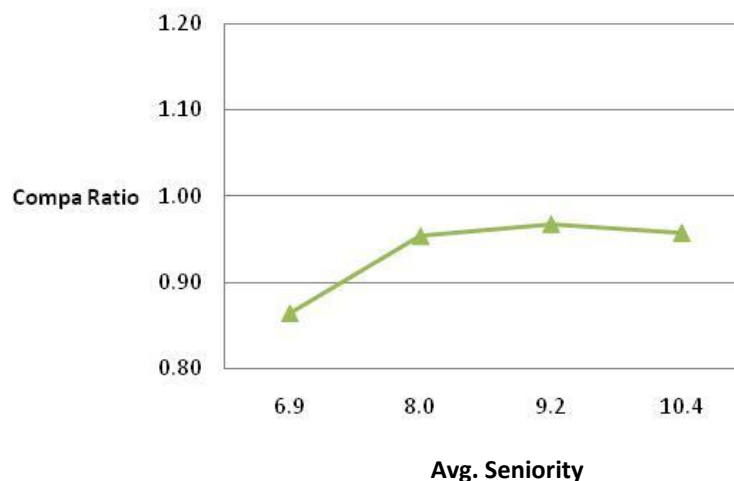
Pay Bands	Avg. Seniority	Compa Ratio
\$20K-\$30K	4.4	0.83
\$30K-\$40K	7.6	0.81
\$40K-\$50K	10.8	0.92
\$50K-\$60K	15.2	1.06
\$60K-\$70K	17.7	1.06
\$70K-\$80K	15.6	1.11
\$80K-\$90K	24.9	1.16
\$90K-\$100K	12.2	1.06
\$100K-\$125K	12.8	1.09
\$150K-\$200K	12.0	1.04
Overall	12.78	0.99



## Hourly Seniority by Band

- The following compares UMS' competitive base salary positioning with the average seniority within the band for the hourly population
  - There is less variation in seniority by band for the hourly population compared to the exempt population
  - However, there is a continuing trend for those with greater seniority to be paid more competitively than those with less seniority

Pay Bands	Avg. Seniority	Compa Ratio
\$20K-\$30K	6.9	0.87
\$30K-\$40K	10.4	0.96
Greater than \$40K	9.2	0.97
Grand Total	8.0	0.95



# About Aon Hewitt

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## Paul Shafer

Paul is a Principal and is Aon Hewitt's East Region Compensation Practice Leader. He has 29 years of experience consulting in all areas of compensation with primary emphasis on pay strategy, global rewards, compensation program integration, incentive plan design, salary administration, and alternative pay delivery methods including broadbanding and skill-based pay systems. Paul is also a senior member of Aon Hewitt's Higher Education consulting team. Prior to joining Aon Hewitt, Paul was employed by the Federal Reserve Bank of New York.

## Mark Friedman

Mark is an actuarial consultant and Principal in the Consulting practice. He consults on all aspects of pension, defined contribution, and postretirement welfare plans, including retirement plan design, plan funding and plan accounting. Mark also has extensive experience in developing competitive comparisons of broad-based and executive employee benefit programs. Mark's measurement (competitive benchmarking) areas of focus include Universities, financial service sector organizations, and the transportation industry. Mark joined the firm in 1992. He is a Fellow of the Society of Actuaries and an Enrolled Actuary.

## Some of Paul and Mark's Higher Education Clients

Auburn University	Princeton University
Boston College	Purdue University
Bryant University	St. John's University
College of the Holy Cross	The Research Foundation of SUNY
Columbia University	University of Colorado System
Cornell University	University of Kentucky
Dartmouth College	University of Massachusetts Medical School
Fairfield University	University of Michigan
Harvard University	University of Missouri System
Mercy College	University of Notre Dame
New York University	Washington University in St. Louis
OK State Regents for Higher Education	Yale University