President Cruzado,

On behalf of Staff Senate, we present the attached MSU Classified Staff Wage Comparison report for your review and comment. We are also forwarding copies to Dennis Defa (Chief Human Resources Officer) and Terry Leist (Vice President for Administration and Finance) for their review.

Staff Senate was approached some months ago by one of our committee representatives (Eric Wold, the author of the report) with a proposal to conduct such an informal study as one did not appear to have been conducted for some time. Staff Senate agreed that this was a worthwhile goal, and entered into discussions with the appropriate personnel (yourself, Dennis Defa, and Terry Leist, among others) to ensure that this was within our scope of activity. As indicated in the report’s Introduction, our aim was to determine how MSU’s classified salaries compared to national, state, and (where possible) local levels. Mr. Wold has worked with CHRO Defa’s staff to gather data, and we were also able to obtain data from the State of Montana to further inform and solidify our comparisons. Other information was also collected from a number of sources (from both universities and other entities), but due to limitations within the study format we were unable to use much of it for direct comparisons.

As this work was completed on a voluntary basis (with the resource limitations that entails), it is not a replacement in any sense for a comprehensive third-party salary study. We recognize the limits of this study, but feel that its observations and conclusions are valid within those limits. It is also something that we strongly felt needed to be done.

We would like to further state that our intent with this report is to provide information and data for the informed discussions that surround the classified pay structure. We have recognized the limitations of both surveys and anecdotal data here, and hope to move beyond those tools and provide a reasonable (within the limitations of our data and resources) point of departure for future studies and discussions.

Once this document has been reviewed and commented on by the addressees, our intent is to incorporate suggested changes and make the report publicly available. The Board of Regents has expressed an interest, and we have also made our local MPEA chapter president aware of our efforts. Our hope is to provide a neutral resource to inform others’ discussions in this area, and it is for this reason that we look forward to your observations and comments on the report before it goes “live.”

Thank you as always for your support of classified staff at MSU!

[Signature]

William Van Horn
Chair, Staff Senate

Cc: VP A&F Terry Leist, CHRO Dennis Defa
MSU Classified Staff Wage Comparison

Prepared By: Eric World, MPA
For: MSU Staff Senate Chair and Vice Chair; William Van Horn, Shana Wold
Date: March 20, 2013

Introduction
There is a perception among many classified employees at Montana State University (MSU) that staff wages are not competitive with those offered by other employers and may be impacting service quality and recruitment for classified positions. The purpose of this report is to determine if there is evidence supporting this perception. It is hoped that this report can help inform future actions which impact classified staff wages at MSU.

This analysis examines the 2005 *Montana University System Staff Compensation and Performance Development Guidelines and Pay Rules* (MUS Pay Rules) and compares classified hiring ranges and wages of current MSU employees with relevant national and state data. Hiring range data was gathered from MSU’s Classified Titles and Entry Rates (2009), and current employee wage information was retrieved from Banner on December 8, 2012. Consistent with MSU Compensation Plan guidance, this analysis compares MSU wage data to Federal Occupational Employment Statistics (OES) data. Wages for classified employees reviewed for this report are base wages only.

The data and analysis contained in this report is informational only and does not advocate for any specific adjustments.

Classified Entry Wages
Setting staff wages begins with pay analysis and is intended to be completed by MUS campuses biennially (MUS, 2.1, 2.2.1). Based on conversations with representatives from MSU’s Office of Human Resources, this has only occurred twice since 2004: once in 2004 and again in 2009 (personal communication, Dec. 18, 2012). ¹ Conducting pay studies with this frequency may not allow staff wages to keep pace with similar positions in the area. The number of positions with entry low wages below the 25th percentile for their occupational classification in Montana provides some evidence of this. Currently **61.62%** (114/185) of classified positions at MSU meet this description.² Classified positions, such as IT positions that are regularly recruited regionally or nationally, may be even lower than the 25th percentile.

---

¹ The MSU minimum wage was raised to $10/hr in 2011 affecting entry low wages for a limited number of positions. In 2012, MSU’s Office of Human Resources did analyze wages for classified staff, however at the time of this report it is unclear if wage adjustments will be adopted.

² This figure is determined based on comparisons between May 2011 OES wage estimates and the *MUS Classified Position Titles and Entry Rates* (2009). Updated OES wage estimates will be released in May of this year.
One of the central components of establishing MSU staff wages is making comparisons to similar positions within the MUS and the state. This is accomplished by linking federal wage estimates to MSU positions using Standard Occupational Classification (SOC) codes developed by the U.S. Department of Labor’s, Bureau of Labor Statistics and used by the OES program (MUS, 2.1). While OES data is valuable for making position and wage comparisons within job families such as accounting or administrative jobs, it does not provide a framework to compare positions of similar job levels. For example, Program Coordinator I, Program Coordinator II, Program Manager and Recreation Manager are classified as part of the same job family, SOC (11-1021), General and Operations Managers. This SOC includes an aggregate set of wage estimates that are compared against each of MSU positions in this SOC. The OES data does not provide means to analyze wages between equivalent positions, such as comparing MSU’s Program Coordinator I with external positions that have similar duties and levels of responsibility.³

Given the limitation of the OES wage estimates, reliable third party surveys may be useful. MSU is a member of the College and University Professional Association for Human Resources (CUPA-HR) which conducts annual salary surveys. CUPA-HR includes position descriptions which enable position level comparisons between MSU positions and survey results. The CUPA-HR salary surveys, however, focus on executive, administrative and professional compensation. Their Professionals in Higher Education Salary Survey⁴ may provide data for some classified positions, but not all. Without relevant data to make position level comparisons, pay studies may not be able to produce reliable information and may result in entry rates that are too low or too high.

Current Employee Wages
Comparing current employee wage data with other organizations is challenging in many of the same ways as setting entry wages. For example, the State of Montana provided salary data for all state employees and one 156 MSU positions shared SOC codes with State of Montana positions. Overall, average, wages for State employees in these positions are 3.13% higher than wages for current MSU employees. As in earlier examples, linking State positions and MSU positions is useful for comparing job families but not job levels. For instance, The State of Montana data included four positions which use SOC 13-2011, Accountants and Auditors, including Accountant, Accountant and Auditor, Auditor, and Legislative – Prof. MSU currently has five positions linked to this SOC; Accounting Assoc III, Accounting Assoc IV, Accounting Assoc Mgr, Accounting Analyst, and Auditor II. Relying on SOC and OES wage estimates to compare these positions in aggregate suggests MSU employees earn wages that are 13% less than State of Montana employees. This figure is misleading, however, because it is the result of all positions sharing the same SOC rather than making direct comparisons between positions within the same SOC and that share similar duties and levels of responsibility.

3 Program Coord I, Program Coord II, and Program Mgr position classifications offer entry low wages that are 44%, 52%, 59% of the OES 25th percentile for Montana based on their SOC.
4 The Professionals in Higher Education Salary Survey provides data for FSLA exempt positions only.
Despite its challenges the OES data provides results that suggest classified wages may not be keeping pace with wages for comparable occupations in Montana. These data suggest that 29% of current classified employees earn wages lower than the 25\textsuperscript{th} percentile for their SOC in Montana. Among this group are a number of employees with longevity. Overall 12% (137/1126) of staff with longevity earn wages below the 25\textsuperscript{th} percentile. The average years of service for employees in this group are 11.36 years.

Although this report does not deal with root causes for this disparity, one possibility may be that these employees were hired at the entry low rate for their position and have not received flex pay options. For example, most positions have a high entry rate that is 120\% of the low entry rate. If the entry low rate for a position is $10/hour and the high entry is $12/hour it could take seven years for an employee to reach the high entry rate for their position assuming an annual 2\% across-the-board increase and 1.5\% longevity after five years. Given that nearly 40\% of MSU positions offer entry high rates below the 25\textsuperscript{th} percentile, this is not an extreme or unusual example.

Not all employees earn below the 25\textsuperscript{th} percentile. Figure 2 notes that there is a relatively even distribution of MSU classified staff earning wages above this percentile, including those earning above the median. Figure 3 suggests that current employees earning above the 50\textsuperscript{th} and 75\textsuperscript{th} percentiles tend to have greater levels of longevity. It is interesting note, that of the 513 employees earning wages above the 50\textsuperscript{th} percentile for their SOC, 58\% are employed in positions with entry low wages that start above the 50\textsuperscript{th} percentile. In contrast, employees earning below the 25\textsuperscript{th} percentile may experience difficulty increasing their wages to the upper end of their occupational classification. These data might suggest that turnover decreases as entry wages exceed the 25\textsuperscript{th} percentile.

**Conclusion**

Evidence supports the notion that entry wages and the wages of current MSU staff may not be keeping pace with wages offered within Montana. Comprehensive examinations and updates to position titles and wages do not appear to be completed on a biennial basis which may cause entry wages to lag behind the local and national labor market. Additionally, the primary source used to evaluate positions and wages is not designed to make direct comparisons between positions of similar duties and levels of responsibility. State of Montana employees tend to earn more than MSU employees and nearly one-third of MSU staff members earn wages below the 25\textsuperscript{th} percentile for their occupational classification, including a significant number who earn longevity. These results support efforts by the MUS system to examine classified positions and wages. It is hoped that this report will help inform future actions in the area of staff compensation at MSU.

![Figure 3 Average years of service by OES percentile](image-url)
References

Montana State University, Office of Human Resources. (2012). *Banner All POSN* [Data file]. Retrieved from the Montana State University, Office of Human Resources.


