POLICY DEFINITIONS

BACKGROUND INFORMATION

What is a Classification System?

A classification system is a method of describing and naming work performed in an organization. It provides a structure or framework for understanding how jobs relate to one another and the business reasons for positions. A good classification system results in a sensible hierarchy of related positions and place similar work together under the same classification title.

What terms are used in developing a Classification System?

<table>
<thead>
<tr>
<th>Position</th>
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<tr>
<td>A position is the job held by one person. It is the set of duties assigned to an individual and is commonly described by a position description.</td>
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<table>
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<tr>
<td>A body of work performed by a group of positions with similar jobs at a similar level of responsibility. This is described by a classification specification, sometimes referred to as a job description.</td>
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We sometimes use the word “class” for classification (e.g., broad class, class spec, etc.).
**POLICY DEFINITIONS**

**BACKGROUND INFORMATION CONTINUED**

**Classification Specification** (or “class spec”)
A general description of a class of work. Typically includes a general summary of the work; distinguishing characteristics of the class; the essential duties of the class; the knowledge and skills required at entry to the class; and any licensing and special physical requirements.

Job descriptions for individual positions (position descriptions) are more specific than classification specifications.

**What is the Purpose of Classification Specifications?**
Class specifications are written summaries of work that provide a systematic method of grouping positions with similar essential functions. A class specification includes:

- Description of the type and level of work;
- Description of the characteristics which distinguish this class from others which may be in the same occupation or at the same level of authority and responsibility;
- Information which indicates standards for recruiting and selecting staff, determining appropriate pay, defining career growth opportunities, identifying performance expectations and complying with the Americans with Disabilities Act (ADA).

**Classification Specifications are not:**
- Created or used to reward individual employees;
- Detailed descriptions of the duties and responsibilities of each individual employee in a class. Classification specifications describe the collective responsibilities of all employees that are allocated to that job;
**Essential Functions**

Essential functions are basic duties for which the job was created; they make up the major purpose of the job consistent with the requirements of the American’s with Disabilities Act. Essential functions normally cannot be transferred to another position without disruption in the flow or process of work. The list of essential functions on a class spec is meant to be illustrative only and not inclusive of every task that could possibly be assigned to a position.

**Knowledge and Skills**

The knowledge and skills listed on a class spec are required at entry to the class. Knowledge refers to the possession of concepts and information gained through experience, training, and/or education. Skills refer to proficiency that can be demonstrated. All knowledge and skills required on a class spec must relate to an essential function.

For example, knowledge of personal computers implies possession of the concepts for their use. Skill in personal computers implies proficiency in their use.

**Classification Series/Job Family**

A set of classifications which are closely related to one another but reflect increasing levels of decision-making, difficulty and/or accountability. For a complete list, visit [http://matcmadison.edu/in/class-specifications](http://matcmadison.edu/in/class-specifications)

**What is the Purpose of a Class Series?**

A class series groups related classes into a hierarchy differentiated by level of decision-making, responsibility and accountability (reference previous definition of “Class Series”). An example of a class series is:

1. Administrative Supervisor
2. Administrative Manager
3. Administrative Director

**Distinguishing Characteristics**

Each level of a class series must be distinguished from other levels by distinct differences in level of decision-
making, responsibility, and/or accountability. Determining the distinguishing characteristics between levels in a class series requires judgment and knowledge of the work performed. Look for identifiable, large breaks between levels.

Factors that distinguish levels:
To be a separate and a higher class, a group of positions should require some or all of these:
- Significantly different and more complex mental or physical processes.
- Significantly higher impact from the current class’s decisions; both positive and negative.
- Significantly higher accountability. Accountability can be measured in terms of accomplishment of objectives, responsibility for decisions made, and control over work.

Factors that do not distinguish levels:
Some factors which, as a sole measure, do not distinguish lower-level from higher-level classes in a series are:
- Existing rates of pay.
- Level or position in the organization's hierarchy.
- Number of people reporting to the position.
- Volume of work (of the same type and level).
- Number or variety of specific assignments.
- Employee's longevity in a current position.
**BACKGROUND INFORMATION CONTINUED**

**Broad Classes**

Classifications that capture wide ranges of work as being similar enough to group together in a single class (such as an Academic Director).

Work can be defined very narrowly and specifically or very broadly and generally. Broad classes capture the major or essential work performed without distinguishing among some specific activities.

*Note:* An illustration of this concept may be found by examining a symphony orchestra. First, we have a general grouping of musicians, those who play brass, those who play percussion, those who play woodwinds, and those who play strings.

Within the family of string players, we have the broad class of violinist. All symphony violinist positions have characteristics and skills in common. The violinist class differs from the viola class, the cello class, and the bass class.

Very specific assignments of violinist also exist: those who play first violin and those who play second violin. The difference between first and second violin is the score of music played, not the essential duties or level of skills.

**Dual Career Tracks**

Broad classes value both experts and generalists. Classification series should be built wherever possible to honor dual career tracks, with equivalencies for increased expertise (“key contributors”) and for increased breadth or scope of responsibility, such as project management or supervision of staff. For example, positions such as an architect, engineer, or attorney is partially compensated for a technical expertise or specialty, and often require special licensing or credentials in their prospective area.
Classification systems must abide by certain guiding principles and policies in order to maintain consistency throughout the system. The following policies describe the Madison College Administrative Classification System.

# 1: Broad or Narrow Classes

The first policy determines how the College will shape its classification structure in order to support its organizational objectives. Depending upon the organization's strategy they may adopt narrow, broad, or somewhere in between narrow and broad descriptions to classify their jobs. The College has adopted the broad approach in its classification structure.

#2: Supervisory Classes

Supervisory classes should be developed in situations in which the position is regularly responsible for the supervision of two or more full-time equivalent (FTE) employees. While the definition of supervision varies among institutions, it is expected that any such classification will have the authority to make hiring, termination, and disciplinary recommendations, and is responsible for conducting the performance evaluations of lower level staff.

#3: Lead Workers and Project Leads

It is assumed for incumbents in any class that:

- By virtue of their subject matter expertise, any higher-level class can provide lead or project direction to any lower-level class in the work group.
- Any classification can participate in teams and task forces with staff of different classes and provide input to team decisions.
- Any classification can communicate and share information or expertise to, or coordinate with, higher and lower-level classes to accomplish work.
#4: “Working” Job Titles

**Definition:** A customized, descriptive title that provides greater understanding on an individual employee’s responsibilities and job scope within the context of a broad classification title. Working titles are generally based on current industry/professional standards. Any variations of these guidelines need to be approved by the President and Human Resources.

**Guidelines:** Working titles should be developed in the context of the following guidelines:

- Titles should be consistent with other titles used throughout the College; therefore they must be approved by the Human Resources Department.

- Titles should describe the position responsibilities and reflect the job family/series to which it is assigned.

- Titles should be short and designed to communicate an immediate understanding of the position.

- Titles should not include any descriptive words that would suggest the individual position is performing work at a higher level than the assigned classification title. For example, words such as ‘manager’ and ‘director’ should not be used in a working title unless the position has the authority of a manager or director.
JOB ANALYSIS/RECLASSIFICATION

What is job analysis?

Job analysis is a systematic way of collecting data and making judgments about the duties and nature of a specific job. The job analysis provides Human Resources with the information they need to allocate the position or develop a new classification. Job analyses must begin with the completion of a formal Positions Description Questionnaire (PDQ) that documents specific information regarding the essential duties, responsibilities and decision-making requirements of the job. Please find the PDQ at: http://matcmadison.edu/in/class-specifications

What is reclassification?

Reclassification is an employee's or supervisor's request to have a position evaluated to an existing or new classification.

A job analysis must be performed by Human Resources before a reclassification can be completed or a job classification can be assigned.

A job analysis will be performed by Human Resources if:

- A new position is created in the organization;
- Essential duties of the position or classification have substantially changed; typically, this means that 30% or more of the duties have changed. If the duties have not substantially changed, the process is complete and there is no basis for a reclassification.

In order to determine if the position's duties have substantially changed, following questions will assist managers and employees:

- Is the job more complex?
- Has the job taken on more responsibility?
- Are these really additional duties or simply a detailed description of a duty that is already listed in the job description?
- Have these duties been performed for 6 months or longer?
- Are the new duties permanent?
- The employee or supervisor should review the current job description to ensure these are indeed additional duties:

  1) If the employee or supervisor has established that the duties have changed, the next question should inquire if it is a short-term or long-term effect. For example, if another employee is on short-term leave and these extra duties will only last for a short period of time, there is no need for an analysis, although additional compensation could be awarded for their efforts and extra duties while they exist.

  2) Finally, ensure the job analysis or reclassification is talking about the duties of the job, not the performance of the employee. If the person is a good performer and still performing the duties listed, then a job analysis or reclassification is not warranted.

- If the position is a new position or has satisfied the requirements for a reclassification, a job analysis should be performed by Human Resources to determine if the position falls within an existing classification or if a new classification should be written. If a new classification should be written or if the existing classification should be updated, it will be written or updated by Human Resources based upon the guiding principles and policies of the job classifications which are referenced above.

After the new Position Description Questionnaire (PDQ) has been written the next step is to evaluate the position.

If it is an existing incumbent, a PDQ is to be completed by the incumbent requesting a job reclassification. The PDQ will be used to determine if the job has substantially changed to warrant a higher (or lower) job evaluation or allocation to another classification.

If the position is a new job, the proposed position's supervisor should complete the PDQ based upon how the job is envisioned to function.
COMPENSATION ADMINISTRATION

Allocating New Jobs to the Pay Structure

In order to carry out the goals and objective of Madison College, it is sometimes necessary to add new classes or to modify the organizational structure. This often results in responsibilities being redistributed.

The evaluation of new classes for placement in the appropriate pay scales should be done at the time the job is added to the classification structure. Madison College will utilize the Human Resources Department for the evaluation process in reviewing job changes. Please note that in the case of reorganization or redistribution of duties and responsibilities, that duties added to one position are most often accompanied by a reduction in responsibilities to another position. Reclassifications and changes in grade assignment should be made both upward and downward in this instance.

Job Allocation

When the development of a new classification is warranted, it will be necessary to allocate the classification into the salary structure. The steps below should be followed when allocating classifications into a market-based salary structure.

- Available market data should be examined to determine if an appropriate market match can be made. If sufficient market data is available, the actual market salary for the classification should be matched to the closest midpoint within the salary structure, or;

- If market data is not available, the classification should be slotted in accordance with its overall responsibility level and location within the classification structure as determined by its DBM (Decision Band Method) evaluation rating. Factors to consider when slotting the classification could include; responsibility level, decision making authority, level of experience, education, and degree of impact on the organization. The following are 3 primary criteria used for slotting:

  - Comparison of job in the same job family;
  - Supervision responsibilities and supervisory relationships;
  - Comparison of jobs across job families requiring similar knowledge, skills, abilities and minimum qualifications.
COMPENSATION – ADMINISTRATION CONTINUED

Determination of Hiring Salaries

The determination of an appropriate salary for a new hire will be accomplished through the Human Resource Department. In general, starting salaries should be at the minimum of the assigned range. Starting salaries higher than the minimum of the assigned range may be acceptable for a combination of such reasons as qualifications that exceed stated minimum requirements, previous years of directly related experience, a competitive market situation, and/or a special and specific talent. This policy allows for a flexible and effective compensation program. Of course, the salaries and years of service of current incumbents in the same salary grade and similar positions throughout the organization will be considered. Any recommendation for hires starting over the minimum, up to the midpoint of the salary range will require approval by the Executive Director of Human Resources. Starting salaries beyond the midpoint should require special consideration, such as extreme market or recruitment conditions. In addition, any recommendation above the midpoint of the salary range will require the President's approval.

Promotional Increases

A person promoted to a position in a higher range should receive up to a 10% increase. This increase is separate and distinct from any annual salary adjustment. In determining the promotional increase, two other guidelines should be used:

- An employee's salary should be increased at least to the minimum rate of the new salary range, and
- In no case should a promotional increase place an employee's salary above the maximum of the assigned range.

Reclassification

A person reclassified to a position in a higher range will be brought to the minimum of the new range or a 5% increase, whichever is greater.
**Temporary Assignment Pay**

When there is a situation where the assignment or scheduling of work requires an employee to perform in a higher-level classification (higher pay grade or pay range), a temporary pay rate may be established for the period of that assignment or work schedule. An employee must be working in the higher classification at least 50% of the time for a minimum of 60 days.

The effective rate of pay should be within the pay range for the salary grade of the temporary assignment, and should be determined using the same considerations, as noted above, for a reclassification increase. This action should only take place with prior approval by Human Resources. Salary adjustments will be effective the first payroll following the approval of Human Resources. Upon completion of the temporary assignment, the employee's base salary will convert back to the original amount before the temporary assignment. The change will be effective the payroll following the end of the assignment. This policy does not apply to situations of vacation replacement.

**Leave of Absence**

Salary increases are not earned while on unpaid leave of absence. Upon reinstatement, the employee shall be paid at the same rate he/she had prior to the leave of absence. If, during the absence, a merit increase had been provided, the salary of the incumbent should be reviewed by Human Resources at the time he/she returns for any pay action.

**Involuntary Transfer to a Lower Grade**

When an employee is given an involuntary transfer, not resulting from a demotion, to a new position with a range that is less than the range of the employee's present grade (e.g., abolition of a job and the consequent reassignment of a position with a lower grade), no immediate salary reduction will occur. If the employee's salary is above the maximum of the lower grade, the following guideline should apply:

- Grant no salary increments or increases until the maximum for the new grade equals or exceeds the employee's salary.

**Lateral Transfers**

Madison College may reassign an employee or group of employees from one job to another within the same pay grade. This will happen when Madison College deems this to be in the interest of efficiency and meeting objectives. When an employee(s) is transferred to a position of comparable value or worth, he or she will not
receive an adjustment in pay.

**COMPENSATION - ADMINISTRATION CONTINUED**

**Market Premiums**

A situation may arise in which the market compensation level is not consistent with the established salary grade. In those cases, Madison College should apply a market premium or differential to the established salary grade for the job classification in question. Market premiums or differentials should only be used when the average market compensation level exceeds the established midpoint for the classification by a minimum of 1.5 times the difference between the midpoint and the maximum of the range. In those instances, a market premium amount should be established for the class by Madison College. The premium amount is then added to the minimum, midpoint and maximum of the salary range. In practice, the following steps will occur:

- A problem occurs with either recruitment or retention of employees in a particular job class or occupational group based on Madison College compensation levels for the class or classes in an occupational group. Problems will become evident when Madison College recruits to fill a position or positions within a class and is unable to find an acceptable number of qualified applicants and the perceived reason is the compensation level for the class. Alternatively, the turnover rate for positions in a class or occupational group is unacceptably high and the reason cited for the turnover is the compensation level for the class. In either case, Madison College will initiate a market compensation study of the class to *determine how Madison College compares to other employers in its defined labor market*. It is extremely important to recognize that turnover will occur for a variety of reasons; compensation is only one reason. Recruitment of qualified individuals to fill specialized positions also involves more than compensation. Consequently, Madison College will have to assess each situation on its own merit to determine whether the problem is compensation or whether other factors exist.

- A determination is made by Madison College through a market compensation analysis that Madison College’s established salary range for a classification, or a position within a broad classification, is 1.5 times the difference between the midpoint and the maximum of the range or more below market levels. This determination should be supported by valid and current market compensation data. As stated above, Madison College will initiate a market compensation study of the class to *determine how Madison College compares to other employers in its defined labor market*. Madison College must exercise caution in using generic data or data for only a limited market segment as there will always be employers who pay more than Madison College. However, since FLA (Fox Lawson & Associates) has defined Madison College’s labor markets, then the full market(s) should be studied to ensure that all employees in all classes are treated in a fair and equitable manner.
**COMPENSATION - ADMINISTRATION CONTINUED**

**Market Premiums Continued**

Whether or not a Market premium is warranted can be determined by applying the following two steps:

1. Calculate the difference between the established midpoint and maximum, and multiply by 1.5
2. Add this product to the midpoint

<table>
<thead>
<tr>
<th>Maximum minus (-)</th>
<th>Midpoint</th>
<th>= $ Difference</th>
<th>Multiply (x) 1.5</th>
<th>Plus (+) Midpoint</th>
<th>= Result</th>
</tr>
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- If this result is less than the market median actual salary, a market premium is warranted.
- If this result is more than the market median actual salary, then no market premium is warranted.
- If a market premium is warranted, then the market median actual salary becomes the midpoint of the new market premium salary range.

- An example of a situation warranting a market premium is shown below:

  **Market Premium Warranted:**
  - Market median actual salary: $50,000
  - Salary range maximum for the class: $45,000
  - Salary range midpoint for the class: $39,000
  - Difference between max. & mid.: $6,000
  - 1.5 times above difference: $9,000
  - Above amount added to midpoint: $48,000

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<th>Maximum</th>
<th>minus (-)</th>
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<tr>
<td>$45,000</td>
<td>- $39,000</td>
<td>= $6,000</td>
<td>$9,000</td>
<td>$39,000</td>
<td>= $48,000</td>
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Is market median actual salary ($50,000) larger than result ($48,000)? **YES, premium warranted**

- New midpoint for the class: $50,000
- New maximum for the class: $57,692
  (calculated at same range spread of previous salary range)
PAYING ABOVE THE SALARY RANGE MAXIMUM (I.E. RED CIRCLED EMPLOYEES)

There may be situations in which an employee’s current pay exceeds the maximum of their assigned salary range. These are generally referred to as “red circled” employees, as their pay is circled for further/future consideration. Employees may be paid beyond their assigned salary range maximum for any of the following reasons:

- Transition from a different compensation plan
- Labor supply/demand
- Longevity
- Recruiting issues
- Special skills
- Job change/transfer
- Misclassification

Madison College will review all red-circled employees to ensure that they are properly classified. If it is determined that the employee is correctly classified and is performing work that is consistent with the requirements of the classification, Madison College will consider the following options:

- Freeze the employee’s pay until such time that the annual movement of the salary range catches up with their current pay.
- If the employee is currently meeting or exceeding expectations, Madison College will provide lump-sum payments in lieu of merit increases. This allows the employee to be compensated for their efforts, but does not perpetuate the red circle effect.
- Conduct a special market study to determine if a market premium is warranted for the classification.
- Assign the employee to a different classification if warranted by the duties being performed.