Published on *University of Colorado* (https://www.cu.edu)

CU I&E Submission: Total Compensation Snapshot [1]

Description

The Office of Information Technology (OIT) wanted to find a way to address issues that have created challenges in both attracting and keeping top talent in the department. The primary issue is the pay discrepancy between IT professionals in private industry and those working in higher-ed (non-profit). Private industry tends to offer employees higher salaries when compared to like positions in the higher-ed/non-profit arena. When looking for a way to address this issue, Sophia began with a concept that she had developed as part of her own experience in coming to work for the University: Compensation is more than just salary.

Considering the true value of the total compensation package afforded by the University for employees, Sophia proposed the idea of redirecting employee focus on the overall value of their total compensation package, and not just their take-home-pay/salary. In order to quantify and highlight the actual value of this total package, Sophia developed the OIT Total Compensation Snapshot letter - a personalized statement summarizing the full dollar value of each department employee's individual compensation package. The snapshot was based on the salary and benefits in place for each employee at the start of the fiscal year (July 1). It included cash compensation (salary), health benefits (medical and dental), life insurance premiums, accidental death and dismemberment benefits premiums, disability coverage costs, as well as other University paid fringe/additional benefits (workers comp, unemployment, meditax, etc.). The snapshots also included the total of retirement contributions made for employees by the University as well as the cash value of the employee's paid leave time (including paid holidays). The letter broke down these areas individually and summarized both visually (with a pie chart) as well as with actual figures the total dollar value of their overall compensation - cash and non-cash alike.
The snapshot also included a brief summary of other benefits included in University employment that are much more difficult to quantify on a personalized basis. These benefits included the additional benefit coverages available for purchase, the FSAs and HSAs available, the tuition waiver benefit, the State of Colorado Employee Discount program and many others. An example has been included with this submission for full review. Each of these letters was tailored to the specific contributions and elections made by each department employee.
Part of the challenge in developing such a specialized letter was obtaining the appropriate data components in the proper format needed to populate the various compensation types. The information had to be obtained from the financial reporting system (Cognos) in raw form and then massaged and manipulated to provide the output needed to properly calculate the information for each type of employee and their individual contributions and elections. The process, while initially time-intensive, generated and established a data template that will allow for a simpler replication process in future years.

How does this impact the University?

The OIT Total Compensation Snapshot program has benefited the University by providing a tangible tool for hiring managers both in working to attract and retain top talent in the department. It has allowed hiring managers to quantify and spotlight the actual value of the incredibly competitive benefits package afforded to the employees of the University. With this information, managers can give employees a more fully informed summary of their compensation package, including benefits, retirement programs, and paid leave/holidays. This helps employees understand and consider many more of the factors that make the University of Colorado a great place to work, beyond simply working for a monthly paycheck.

Since the snapshots were created and distributed in OIT, other departments within the University have also asked to pilot the tool in their own areas. The feedback has been incredible! Comments that have been shared have included employees confessing that they were looking for other work outside the University until they received the letter and saw the actual dollar value of their compensation. Others have indicated that they were only vaguely aware of the value of their benefits package, and had no idea the actual cash value they were receiving. Specific feedback from hiring managers has included comments that this tool has empowered them to fight harder to hire and keep those employees that are their top performers.

Anytime there is turnover, there are both actual costs and opportunity costs associated with that loss and replacement process. Loss of productivity, the cost of recruitment, and the expense of training and educating for the position once filled are just some of the actual costs associated with replacing an employee that leaves their position. There are also opportunity costs associated with turnover that are more difficult to quantify. The Society for Human Resources Management cites research that suggests replacement costs range “from 50%-60% of the employee’s annual salary, with total costs associated with turnover ranging from 90% to 200% of annual salary.” (1)

(1) Allen David G. (2008). Retaining Talen: A Guide to Analyzing and Managing Employee Turnover [Pamphlet]. Alexandria: VA: SHRM Foundation. (as cited in Cascio, W.F. 2006).

Implementation Status

The OIT Total Compensation Snapshot letters were distributed to all permanent OIT employees in August of 2015. The letters included a personal greeting from our Associate Vice Chancellor and CIO – Russ Poole – acknowledging the value of each employee and the work they do for the University. The greeting also explained the purpose of the snapshot as a tool to better understand how we are compensated for our work.

Our current plan is to distribute these snapshots annually following the start of each new fiscal year so that employees can regularly see the value of their compensation package following any adjustments made annually such as merit increases, changes to benefits (the costs of premiums, or the elections themselves), and any other updates that can occur from year to year.

Please note that the sample total compensation snapshot letter is attached to this submission. The data file and mail merge letter templates can be provided upon request.

Submitter's Information

Submitter's Name: Sophia Lueth
Submitter's Email: Sophia.Lueth@ucdenver.edu [2]
Additional Team Members: Kelly Tasky

Presentation Download

Source URL:https://www.cu.edu/controller/i-e-awards/past-submissions/cu-ie-submission-total-compensation-snapshot

Links
[1] https://www.cu.edu/controller/i-e-awards/past-submissions/cu-ie-submission-total-compensation-snapshot [2] mailto:Sophia.Lueth@ucdenver.edu