



Stevens Institute of Technology

Compensation Philosophy

Updated - October 2023

Guiding Principles

1. The Compensation Philosophy¹ aligns with the goals of Stevens 2032 Strategic Plan, *Inspired by Humanity. Powered by Technology.*, and the values it embodies.
2. The Compensation Philosophy prioritizes pay-for-performance, which rewards the exceptional performance of individuals who add to our campus' intellectual vibrancy and help propel the University to higher levels of achievement, per the priorities outlined in the Strategic Plan.
3. The Compensation Philosophy incorporates total rewards (i.e., all elements of compensation and benefits) which is essential to providing a comprehensive employee experience that will help Stevens recruit and retain high-caliber faculty, staff, and administrators.
4. The Compensation Philosophy is designed to be fair, consistent, and forward-thinking to meet the current and evolving needs of the Stevens community and maintain market competitiveness.
5. The Compensation Philosophy must be easy to understand and to communicate to the Stevens community.

¹ The components of this "Compensation Philosophy" outlined herein do not apply to employees covered under the collective bargaining agreement except for the sections labeled health, welfare, and other Stevens benefits.



A. Stevens Total Rewards Key Components

Overview: Stevens' total rewards package consists of several monetary and non-monetary components to encourage recruiting and retaining outstanding faculty, staff, and administrators, including:

- **Compensation**
 - **Base Salary** – Stevens base salary refers to an employee's compensation for their work before any additional payments, bonuses, allowances, or deductions.
 - **Annual Merit Increases**– Stevens annual merit increases provide a raise in an eligible employee's base salary as a result of individual performance.
 - **Annual Incentive Award**– Stevens annual incentive award is a one-time, non-recurring payment to recognize extraordinary performance.
 - **Other Cash Compensation** – Other cash compensation may include administrative, research, and teaching stipends and other payments.
- **Health and Welfare Benefits**
 - **Medical Coverage:** We provide comprehensive medical insurance covering a wide range of services, including doctor visits, hospital stays, prescription medications, and preventive care.
 - **Dental Care:** We provide dental benefits that cover routine check-ups, cleanings, and more complex procedures.
 - **Vision Care:** Our vision coverage ensures access to regular eye exams, eyeglasses, and contact lenses.
 - **Mental Health Support:** Our employees' emotional well-being matters to us.



Our health benefits package includes mental health services, counseling sessions, and resources to help employees navigate challenges.

- **Wellness Programs:** Our wellness programs encourage healthy lifestyles through fitness initiatives, nutrition guidance, and stress management resources, as part of our commitment to employees' overall wellbeing.
- **Flexible Spending Accounts:** We offer tax-advantaged spending accounts to allow employees to set aside pre-tax dollars for qualifying health and dependent care expenses.
- **Health Savings Accounts:** We offer an annual employer contribution to employees enrolled in a qualifying High-Deductible Health Plan (HDHP). Employees can also set aside pre-tax money for qualifying healthcare expenses.
- **Family Coverage:** We understand the importance of family. Our health benefits extend to all eligible dependents.
- **Life and Disability Insurance:** Our employee's future security matters to us. Our benefits package includes life insurance and disability coverage.
- **Retirement Benefits:** Stevens realizes the importance of saving for retirement and has established a 403(b) plan and a pension plan for eligible employees with a generous employer match to assist in meeting long-term financial goals. In addition, Stevens offers a 457(b) voluntary retirement savings program for eligible faculty and staff.
- **Paid Time Off (PTO):** Stevens provides eligible staff members with a generous PTO package, including the following types of time off and leave: vacation, sick, personal, campus-observed holidays, paid absence (temporary short-term disability, parental leave, bereavement leave, and New Jersey sick leave).



In addition, administrative offices are closed, and classes are not held during the winter recess between Christmas and New Year's Day.

- **Other Stevens Benefits**

- **Tuition Assistance Programs:** Stevens offers several tuition assistance programs to full-time faculty, staff, and dependents. The Tuition Remission Program benefits eligible faculty, staff, and dependents, waiving tuition costs for courses taken at Stevens. The Tuition Aid Program reimburses eligible faculty and staff tuition costs for courses taken at an institution of higher learning or any job-related certificate or training program. The Tuition Exchange Program is a scholarship program for the dependents of eligible faculty and staff who are accepted and enroll at other member institutions.
- **Commuter tax savings program:** Employees can allocate a portion of their pre-tax income to cover commuting and parking expenses up to the IRS limit. This program reduces employees' taxable income, leading to potential tax savings.
- **Complimentary access to online training and education platforms**
- **Employee Assistance Program (EAP):** Stevens Employee Assistance Program (EAP) provides confidential and professional assistance at no cost to eligible employees, dependents, or significant others. Services are available for various personal matters, such as depression, stress and anxiety, marital and family conflicts, workplace issues, grief and loss, and substance abuse.



B. Compensation and Market Positioning

- i. Comparison Markets:** Stevens uses a peer group of comparable national universities carefully developed in partnership with Stevens leadership, the Faculty Senate, and an independent compensation consulting firm for faculty and staff roles and supplements with additional market reference points where appropriate for certain groups of employees based on their respective markets for talent.
- ii. Faculty and Staff Market Target:** The compensation philosophy targets average base salaries for each job category, generally between the 50th- 70th percentile of the comparison market. In addition, benefits and other reward elements are intended to generally be market competitive.
 - a) Faculty:** It is expected that there may be significant variability in the compensation of individual faculty members based on individual performance, one's stature in their profession, excellence, and productivity in teaching, research and service, discipline, as well as the length of service to the University and profession. In recruiting and retaining faculty members, every effort will be made to ensure that compensation packages are competitive relative to those at institutions we compete with.
 - b) Staff:** It is expected that there may be significant variability in the compensation of individual staff members based on individual performance, one's stature in their profession, the level of excellence and productivity of their work, and the length of service to the



University and profession.

- iii. **Disqualified Persons:** The compensation philosophy targets the total rewards of the Disqualified Persons², generally between the 50th to 70th percentile of the comparison market. It is expected that there may be significant variability in the compensation of individual Disqualified Persons based on individual performance, one's stature in their profession, the level of excellence and productivity of their work, and the length of service to the University and profession. Total rewards will not exceed the 90th percentile without written documentation and supporting rationale from the Board of Trustees Compensation and Benefits Committee.

C. Periodic Review: The objectives stated in B. i. -- B.iii. above should be reviewed and, if necessary, revised periodically (approximately once every three years).

D. Compensation Increase Process: Each year, the University will determine pools of funds within the University's budget allocated for compensation purposes. The pools may change as the University evolves, but they generally include:

- i. **Merit Increases (MI) Pool:** The distribution of this pool of funds among units will be prorated according to each unit's base salary budget and is used to reward performance. In developing recommendations for Merit Increases, every effort will be made to differentiate between weak, average, and strong individual

² "Disqualified Persons" are, under IRS rules, the persons who constitute the senior-most leadership of the university.



performance.

- ii. Special Adjustments (SA) Pool:** The Special Adjustments Pool is used to make special adjustments for groups of employees (e.g., an entire department/unit or group of departments/units) whose salaries are significantly lower than is appropriate for their superior collective performance or productivity, or for individual faculty, staff, and administrators whose compensation levels are significantly lower than the levels warranted by their superior performance and productivity. As such, the Special Adjustment pool will not be distributed among units in proportion to their salary budgets. The award of a Special Adjustment, which may be in the form of a base salary adjustment, a one-time award, or both, requires a justification request by the appropriate manager, a justification by the appropriate Vice President, and approval by the President. All justification requests will be maintained in the Office of Human Resources files. The size of the SA pool will be informed by input received from the independent compensation consulting firm and adjusted annually. Special Adjustments will be in addition to, and not in lieu of, any other type of compensation.
- iii. Incentive Awards Pool:** Incentive Awards Pool provides one-time non-recurring payments to recognize extraordinary individual performance for a relatively small number of eligible employees and is administered using well-defined metrics and objectives. The Incentive Awards pool is distributed at the Vice President and Dean level as a percentage of the salary budget for each division or school.