

**West Virginia Higher Education Policy Commission**  
**West Virginia Council for Community and Technical College Education**

**Advantages of a Market Based Approach to Compensation**

Benefits of the new market based pay structure and associated salary administration guidelines reflect a number of positive advancements for management of employee compensation including:

- A move away from automatic salary increase requirements included in a “years of service” step structure.
- Greater flexibility for institutions to use salary dollars to recruit the best talent and pay for performance, thus rewarding high performers.
- Ability to offer competitive salary levels based on prior directly related job experience rather than the artificially low entry rates previously required if the candidate does not have prior service with the State of West Virginia.
- Fair pay based on job responsibilities and market rates, not years of service.
- Fair market pay for individual contributors who may be undercompensated in the current point factor system.
- More strategic use of limited salary dollars.
- The flexibility in compensation management will provide each institution the ability to quickly respond to changing workforce dynamics.
- Managing and rewarding critical talent can be a top priority to prevent the outflow of talent.
- The ability to pay for performance will be readily available.
- With limited salary budgets, institutions will no longer be required to dole out one-size fits all increases. Instead, they have the option to invest money where they will get the most return - on high performers who have the specific skills and competencies the institution cannot afford to lose.
- Institutions will have the flexibility to establish their own compensation market position using the tools and structure provided.

Institutions will be empowered to make strategic decisions that promote a high caliber of work while improving employee morale and satisfaction, thus keeping high performers motivated, driving business results and better controlling compensation costs.