



Compensation Review for the Rhode Island Student Loan Authority (RISLA) Analysis and Recommendations

August 5, 2019

Background:

RISLA requested a review and market pricing update for two positions (Executive Director/CEO and Deputy Director & Chief Financial Officer & Compliance Officer). The organization wants to determine fair and equitable compensation for these employees so as to be able to attract and retain staff. As a “Quasi-public” agency, RISLA operates in the dynamic postsecondary student loan marketplace. RISLA’s positioning and economic constraints, often present in the public sector, create a drag on the wage growth of certain positions vital to RISLA’s success in its marketplace. The Millennium Group International, LLC (TMGI) collected information including surveys of “comparable” organizations to study and report on competitive market practices facing RISLA.

Data Sources:

The Millennium Group International collected data from the following sources:

- Compensation information provided by other “quasi-public” agencies in Rhode Island deemed to be peer organizations to RISLA either in mission, scope, or both, under the public inquiry or APRA guidelines. The peer organizations include Rhode Island Housing (RI Housing), Rhode Island Infrastructure Bank (RI Infrastructure Bank), and RI Health and Education Building Corporation (RI Health & Ed Bldg Auth).
- Data gathered previously in a national survey of state financial organizations by the Education Finance Council in 2018 (EFC State).
- 2018 Education Finance Council survey data reported for not for profit financial institutions (EFC NFP).

- Salary and total cash data provided by the PayScale compensation database. PayScale is a compensation, benefits and software organization that uses big data and algorithms to develop a current database of pay and related subjects. The database is accessible by position functions and the nature, size and geographic location of the organization. PayScale reports their clients range from small business to Fortune 500 firms, with 8000 reported customers. The information in this report is specific to Rhode Island educational financing organizations similar in asset size to RISLA. PayScale provides report statistics with report rating from 1-5 for each position studied with 5 being highly consistent. For the Executive Director, the report rating was 1.5 and the Deputy Director was 3.9.

TMG evaluated the descriptions submitted for each position and performed a market survey of the jobs using the data sources previously mentioned. We conducted an analysis of certain benefits of interest to RISLA. In the following tables below we detail our findings:

Table 1 Top Executive: Base Salary

Executive Director - Base Salary			
Survey	Average Base	\$ Amount RISLA Is Below	Lag or Lead
RISLA Actual	\$182,154		
RI Infrastructure Bank	\$235,000	(\$52,846)	-22.5%
RI Health & Ed Bldg Auth	\$210,000	(\$27,846)	-13.3%
RI Housing	\$202,154	(\$20,000)	-9.9%
EFC State Based on 12/31/17	\$210,711	(\$28,557)	-13.6%
EFC Private NP 12/31/17	\$255,585	(\$73,431)	-28.7%
PayScale	\$209,436	(\$27,282)	-13.0%

Table 2 Top Executive Pay: Total Cash Compensation (Base Salary Plus Bonus)

Executive Director - Total Cash			
Survey	Average	\$ Amount RISLA Is Below	Lag or Lead
RISLA Actual	\$ 182,154		
RI Infrastructure Bank	\$ 237,500	(\$55,346)	-23.3%
RI Health & Ed Bldg Auth	\$ 210,000	(\$27,846)	-13.3%
RI Housing	\$ 202,154	(\$20,000)	-9.9%
EFC State based on 12/31/17	\$ 240,922	(\$58,768)	-24.4%
EFC Private NP 12/31/17	\$ 290,925	(\$108,771)	-37.4%
PayScale	\$ 267,601	(\$85,447)	-31.9%

Table 3 Deputy Director Pay: Base Salary

Deputy Director - Base Salary			
Survey	Average	\$ Amount	Lag or Lead
		RISLA Is Below	
RISLA Actual	\$142,458		
RI Infrastrucutre Bank	\$179,000	(\$36,542)	-20.4%
RI Housing	\$173,040	(\$30,582)	-17.7%
EFC State Based on 12/31/17	\$165,007	(\$22,549)	-13.7%
EFC Private NP 12/31/17	\$167,498	(\$25,040)	-14.9%
PayScale	\$160,674	(\$18,216)	-11.3%

Table 4 Deputy Director Pay: Total Cash Compensation (Base Salary Plus Bonus)

Deputy Director - Total Cash			
Survey	Average	\$ Amount	Lag or Lead
	Total Cash	RISLA Is Below	
RISLA Actual	\$142,458		
RI Infrastructure Bank	\$181,500	(\$39,042)	-21.5%
RI Housing	\$173,040	(\$30,582)	-17.7%
EFC State Based on 12/31/17	\$165,007	(\$22,549)	-13.7%
EFC Private NP 12/31/17	\$181,811	(\$39,353)	-21.6%
PayScale	\$190,680	(\$48,222)	-25.3%

Table 5 Information on Selected Benefits

Additional Benefits				
Organization	Contribution to	Other	Contract	Car
	Retirement	Benefits		
RI Housing	10%	Retiree Health	Executive Director	No
RI Health & Ed Bldg Auth	10%	No	Executive Director	No
RI Infrastructure Bank	10%	No	Executive Director	No

Discussion:

TMG found that compensation for RISLA’s Executive Director consistently lags those of the comparator groups. Considering base salaries, the differences varies from 10 percent

to 29 percent above RISLA. But when total cash (base salary plus bonuses) are considered, the difference increases from 10 percent to 37 percent.

Similarly, we analyzed the compensation for RISLA's Deputy Director and found that it is below all of the comparator groups. In this case the variation ranges from 11 to 20 percent on base salary and 14 to 25 on total cash.

While bonuses are not common among the three Rhode Island Quasi-public organizations (only Rhode Island Infrastructure Bank offers one) they are common among the other survey groups. At the Executive Director level bonuses in the EFC surveys average approximately 14% of base salary. The PayScale survey indicates bonuses averaging 28% of base. Regarding the Deputy position, the EFC State survey did not report a bonus for this position while the EFC Non Profit survey reported an average bonus of approximately 9 percent. The PayScale survey indicated an average bonus of 19 percent of base salary.

We surveyed additional compensation items for the three quasi-public Rhode Island organization and found:

- Contracts are common at the Executive Director level, but not at the Deputy Director level
- Cars are not common.
- The three organizations average 10% retirement contribution for positions equivalent to RISLA's Executive Director and Deputy Director