

MANAGING PAY WITHIN THE GRADE

A COMPENSATION PROGRAM

Agenda







TITLE & COMPENSATION STRUCTURE



Key Compensation Objectives

Internal Equity

- To understand the relative value of jobs to one another based on:
 - Organizational Impact of position
 - Responsibilities/Complexity of work
 - $\circ~$ Independence and Supervision
 - Reporting relationship/Leadership and Talent Management
 - Knowledge and Experience

External Competitiveness

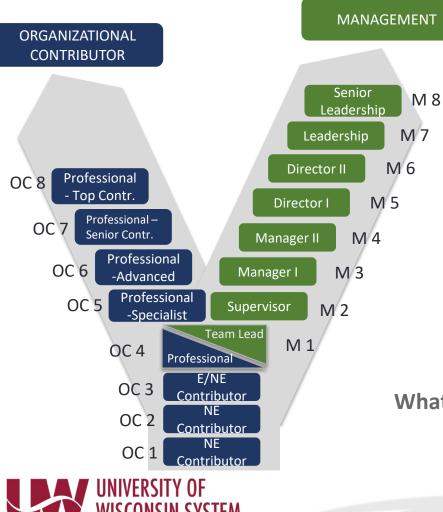
- To align internal salaries to the competitive marketplace
- Define competitive pay for jobs of comparable value or grade

Transparency

• To ensure consistency & accountability for pay actions (*i.e.* salary increases)



Internal Equity - Job Leveling Framework



Career Levels OC/M

Recognize distinct responsibilities aligned to organizational contributor or management core responsibilities

Job Leveling

Recognize incremental changes in job responsibilities

Consistent across all in-scope job families and sub-families (excludes Executives & Faculty)

What assumptions do people make about how to get raises?

External Competitiveness - Alignment of Career Levels to Salary Grades

The alignment of career levels to salary grades was used to slot jobs to the salary structure

The salary structure is made up of grades 15 – 35 for in scope jobs

Executives, Faculty, Lecturers & Crafts Workers are out of scope for salary

Each grade is assigned a range of pay with a minimum and maximum

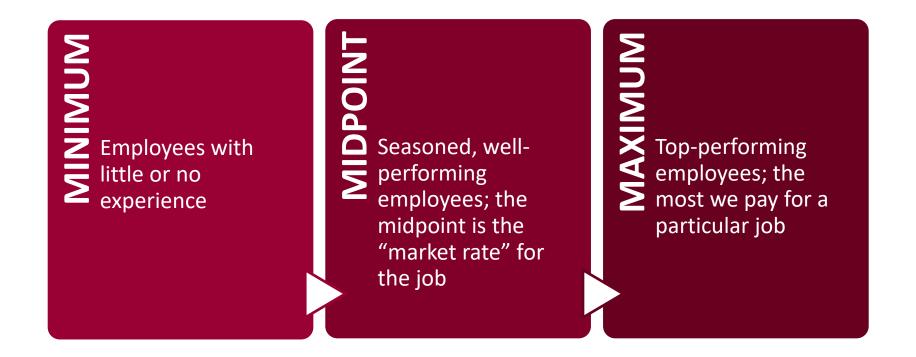
Each job is assigned **1** salary grade in the salary structure based on market data



	Career Levels	FLSA Exempt min salary threshold \$35,568/annual UW Salary Grades																				
		15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35
M8	Senior Leadership																					
M7	Leadership																					
M6	Director II																					
M5	Director I																					
M4	Manager II																					
М3	Manager I																					
M2	Supervisor																					
M1	Team Lead																					
OC8	Professional – Top Contributor																					
0C7	Professional – Senior Contributor																					
OC6	Professional – Specialist Adv.																					
OC5	Professional – Specialist																					
OC4	Professional Contributor		1																			
OC3	Exempt/Non- Exempt Contributor																					
OC2	Exempt/Non- Exempt Contributor																					
OC1	Non-Exempt Contributor																					

Transparency - How does the Salary Range Work?

• Salary Range: a market-based compensation range with a minimum, midpoint and maximum salary





How is a Salary Structure Maintained?

A salary structure is typically assessed every 2-3 years

 The structure is adjusted according to the compensation program objectives and the university's ability to make the adjustment

External market data is used for comparison

- "The Market" it depends how/with whom are we competing for talent in labor market
 - Industry/Institutional peers with whom we compete for labor (*i.e.* relevant labor market), which can have a geographic consideration as well as a private/public consideration.

Range adjustment

- Ranges may be adjusted if there is evidence that the university structure has fallen out of alignment with the external market and/or compensation program objectives
 - Range adjustment may or may not impact employee pay





SALARY ADMINISTRATION GUIDELINES



Pay within the Grade

New Hire

• Employees must be paid within their assigned pay grade and range

Pay Progression

- Progression over time is expected
 - When employees develop position-related skills
 - When employees become fully functional in their position

Re-evaluation/Re-classification - Permanent Changes to a Job

- Requests may be made to HR when a position has significant changes
 - It may warrant a re-classification into another position, and/or an increase in pay based on expanded responsibilities



HR Toolkit – Quartiles & Pay Positioning

The grades of the new salary structure are wide enough to provide appropriate pay for employees with a variety of skills, knowledge, experience and performance. The following model may be used as a guide for typical employee pay within a grade and range:

Paying for the Job (based on external Market)

Paying for the Individual (based on performance and skill/considering internal equity)

Minimum

Entry Level Skills and Experience

- Meets minimum qualifications of job; however, is fairly new to job and field, has little or no direct, related prior experience
- On steep learning curve, building both skills and knowledge as well as ability to handle job responsibilities

Associate i Objective

Midpoint of Range

Advanced Skills and Experience

- Performs (or has demonstrated capability to perform based on prior experience) all aspects of job effectively
- and independentlyExperienced in the job
- and possesses required knowledge and skillsConsistently exhibits
- desired competencies to perform job successfully
- Seasoned and proficient
 professional

Senior Distinguished

Compensable factors for progression within the salary range may be based on external market, individual performance, and skill.

*HR should closely review placement into or above the 4th quartile

Maximum

Expert Skills and Experience

- Expert (or has demonstrated capability to perform as expert based on prior experience) in all job criteria
- Has broad and deep knowledge of own area as well as related areas
- Depth and breadth of experience, specialized skills, perspectives add significant value to institution
- Serves as expert resource and/or mentor to others

Distinguished



Performs (or has demonstrated capability to perform based on prior experience) some/most job responsibilities with increasing effectiveness
 Possesses the basic knowledge

Intermediate

Skills and

Experience

- Possesses the basic knowledge and skill requirements, but may need to build experience
- May still be learning some aspects of job or developing expertise to handle them more independently and effectively
- Consistently exhibits many or most desired competencies to perform job successfully

Objective Senior

Job Changes & Pay

Promotion – When an employee moves to a new position in a higher pay grade

- Salary increases are based on qualifications, market and internal equity considerations
- Salary increases should not exceed maximum of the range and are typically between the minimum and midpoint

Lateral transfer – When an employee moves to a similar but different position with comparable responsibility in the same pay grade

- Same grade, similar content/tasks = no increase in base pay
- Same grade, significant change in content /tasks = possible base pay increase
- Lateral transfers may be useful for skill and career development

Demotion – When an employee moves into a position in a lower pay grade by employee's choice, performance-based or due to organizational change

- When salary range in new position is lower, the employee moves to the lower range but no lower than the minimum of that range
- When the employee's salary exceeds the maximum of the new position's range, then their base pay is typically frozen until it moves back into the new position's pay range
- Review any governance or university policies and procedures prior to demoting an employee



HR Toolkit – Quartiles & Pay Positioning

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or above the 4th quartile

HR Toolkit – Pay Actions

Merit/Performance

Due to notable sustained performance that meets and exceeds established standards of a job

Market

Recognizes significant market changes in a job-specific industry

Retention

Awarded to retain a valuable employee (e.g., specialized skill set, exemplary performer, hard to fill, etc.)

Parity

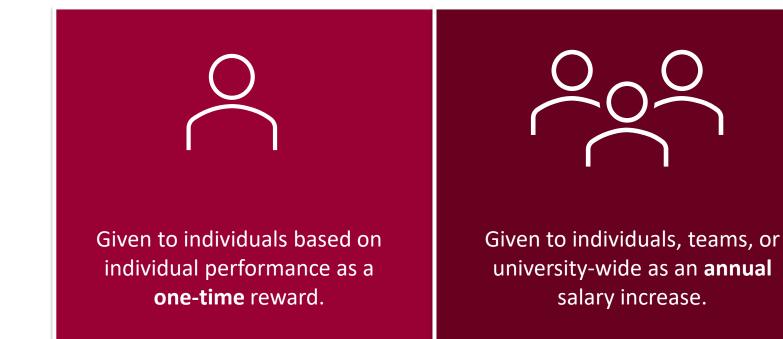
Maintains salary relationships for same titles or closely related job titles, taking into consideration distinguishing factors such as performance, skills, and experience

Equity

Addresses salary differences relative to protected statuses (e.g., gender, race, age)



Pay for Performance Management





HR Toolkit – Merit/Performance Matrix

Adjustment Amounts based on performance rating and position in grade

Performance Rating	Higher in Grade	Around Midpoint of Grade	Lower in Grade
Exemplary	1-3%	3-5%	4-6%
Satisfactory	0-2%	2-4%	3-5%
Unsatisfactory	0%	0%	0%

* increases can be as a % of base pay or % of midpoint of salary range

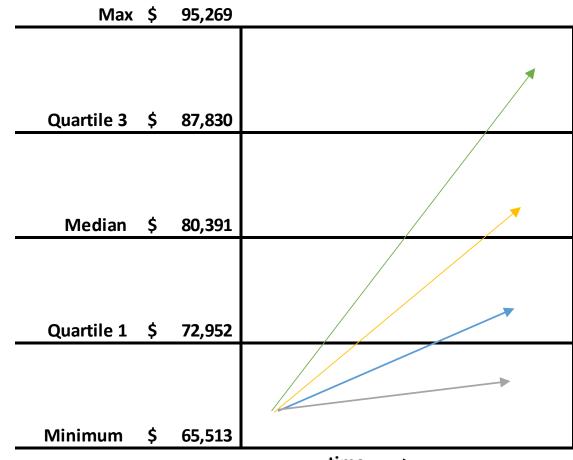
Exemplary: Serves as a desirable model; represents the best of and/or outstanding performance.

Satisfactory: Fulfills expectations or needs; acceptable performance.

Unsatisfactory: Does not meet expectations; unacceptable because of poor performance.



Example of Employee Pay Progression based on Regular Increases (above and beyond Pay Plan)



time ---->





Part

HR Role in Strategic Conversations

HR ROLE IN STRATEGIC CONVERSATIONS



What is my role as HR?

- Partner with leadership to develop and maintain a compensation program and structures aligned with institutional goals
- Assist leaders in:
 - o understanding and communicating the compensation program
 - o evaluating employee career growth and movement within their pay grade
- Communicate the compensation program to managers & employees
- Maintain updated position documentation
- Establish, assess and communicate performance requirements, especially if your institution has a payfor-performance or merit pay component

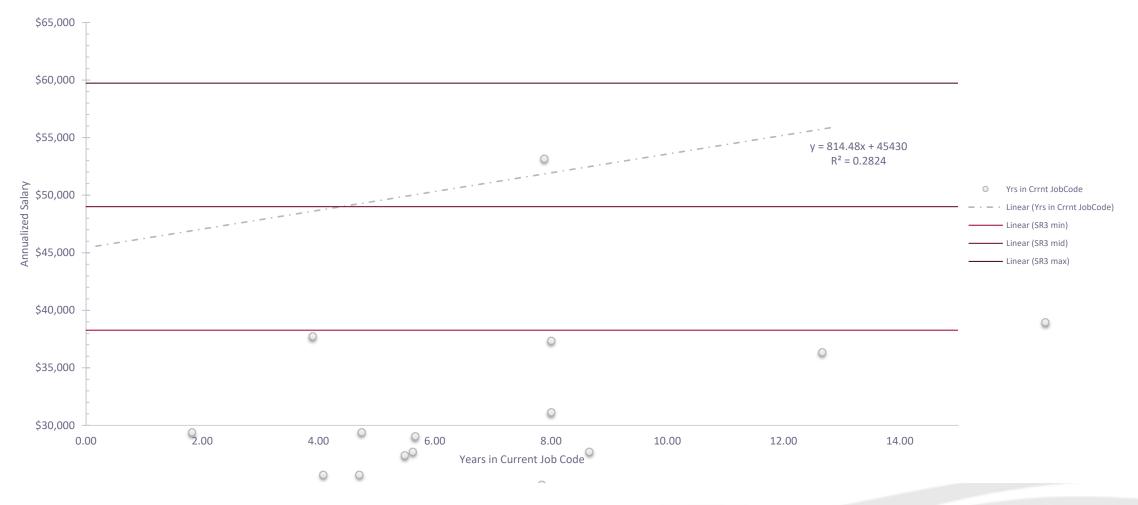


Where To Start?

- Art and Science
 - Institutional peers in title
 - Average, median, regression analysis
 - External Market
 - Salary Surveys (e.g. CUPA, BLS, Professional Associations, etc.)
 - Other Factors:
 - Relevant experience
 - Education



Example of Compensation Analysis & Considerations





Title & Compensation Structure This talk is part of art continuing education about Δ compensation

management at

Salary Administration Guidelines

Part

The target is really the midpoint of the range for the objective/seniorlevel employees

HR Role in Strategic **Conversations** \mathbf{m}

art

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The TTC project supports more meaningful comparisons (market, employee, etc.), but it is the role of HR to help guide leadership in the decision-making process of which compensation tools and practices will best support your institution's strategic vision.



UW System.

KEY TAKEAWAYS