Methods for Establishing and Maintaining an Equitable Salary Structure
Note: Slides with links, handouts and spreadsheets with calculations are available at
http://ufdc.ufl.edu/AA00013202
The objectives of compensation programs are:

- Recruitment
- Retention
- Equity
- Reward desired behavior
- Control costs
- Comply with legal regulations
- Further administrative efficiency
This session

1. Key Concepts
   
   – Equity/Fairness

   – Salary Plan Design (Elements and Terminology)
This session

2. Experiences at the UF Libraries

– Decisions and policies establishing and maintaining faculty and staff salary structures
This session

2. Experiences at the UF Libraries

Why?

• Illustrate the above concepts in practice

• Depict decisions, processes and outcomes

• Resulting system is transparent and maintainable, and modular and customizable -- transferable
This session

3. References

4. An invitation to continue this discussion
Concepts
Equity and Fairness

Equity
• External
• Internal
• Individual
• Personal

Fairness
• Distributive
• Procedural

Terpstra, Honoree
Forms of Equity

• External
  In comparison to similar jobs in other organizations

• Internal
  In comparison of different types of jobs in one organization
Forms of Equity

• Individual
  In comparison of performance of individuals working in the same type of job in the same organization

• Personal
  Comparison to the employee’s perception of his or her worth
Fairness Types

• Distributive
  Perceived equity of the pay received by employees

• Procedural
  Perceived equity of the decision-making processes and procedures used to distribute pay

Terpstra, Honoree
Fairness and Equity

Research has generally found Procedural Fairness is most important for employee pay satisfaction.

Individual Equity is the second most important.
Fairness Types

• Procedural Fairness (continued)

  – Strongly influences whether employees view the organization and management as trustworthy and valuing them.
Fairness Types

• Procedural Fairness (continued)

  – Increased through:
    • Consistency
    • Design participation
    • Good communication practices
    • Redress opportunities

Terpstra, Honoree
Salary Administration
Salary Administration

Three fundamental issues for pay policies:

1. setting pay levels in relation to other companies
2. evaluating individual jobs and determining pay relationships among them; and
3. determining pay relationships among individual workers within the same job.

Personick
Salary Administration

These issues are addressed through effective Salary Structures
What is a Salary Structure?

System where jobs of roughly equal value or worth are grouped into grades with competitive salary ranges.

Note:
One employer may have multiple models or approaches within this structure.
Why establish a structure?

Compensation decisions made solely to pacify employees inevitably produce higher operating costs and create an environment that rewards complaints rather than performance.
Why establish a structure?

Individualized compensation arrangements rarely go unnoticed by other employees, despite the company’s best efforts at secrecy, and usually cause some rancor within the employee group.
Why establish a structure?

By establishing compensation guidelines based on current market norms before recruiting for a position, employers can balance:

“How much must we pay for this desirable candidate?”

and

“How much should we pay to staff this position?”

Whittlesey, Maurer
Why establish a structure?

Even though they may be responsible for managing costs, most managers strive to provide their employees with the highest possible compensation because they don’t suffer directly from the increased cost and they benefit from being the “nice guys”.

Whittlesey, Maurer
Why establish a structure?

When individual managers make decisions regarding subordinate compensation, every unit is likely to receive dissimilar pay for similar tasks.

Whittlesey, Maurer
Why establish a structure?

Provides:

• Organizational consistency

• Reference for career development and predicting pay increases

Both of which serve the objectives from the Prologue.
How do you develop a Salary Structure?

Through

– Compensable Factors

and

– Pay Ranges
Compensable Factors

Definition:

Any job attribute that provides a basis for determining the worth of the job.
Compensable Factors

Employee-based examples:

- Education/training
- Experience
- Certification/licenses
- Unique SKA’s
Compensable Factors

Job-based examples:

- Customer relations/service
- Communications/ key interactions/ level of contact
- Supervisory responsibility
- Supervision received
- Job Complexity
- Problem solving
- Decision making (authority and impact)
- Working conditions
- Responsibility for assets

Singer, Francisco
Compensable Factors

Their use requires decisions regarding:

• weights

• degrees or levels
Pay Range

Definition:

The minimum to the maximum base rate of pay for employees in the same or similar job

• Often expressed pay grades
Range Width

Definition:

Percentage difference from the minimum to the maximum of a pay range

- Vary, but typically narrower for lower pay grades

- Rate minimums should attract qualified job candidates while rate maximums should be set to reward and retain high achievers

Singer, Francisco
Range Progression

Definition:

The difference, or jump, from one grade to the next

- Vary by position type, but typically smaller for lower pay grades.

- Should be large enough to reflect progressive increases in compensable elements of the positions grouped together.

Singer, Francisco
Range Midpoint

Used to orient salary levels

—for example, the more highly rated or the most experienced employees are above the midpoint

Generally, for white-collar workers, the midpoint represents a job's market value.
Salary Structural Integrity

A company that has invested time and effort in designing an equitable, competitive program must be willing to adhere to it, or there really is no program at all.

Whittlesey, Maurer
Salary Structural Integrity

Achieved through policies for

- Recruiting
- Counter Offers
- Promotions
- Lateral Moves
- Merit and ATB Increases
Concepts

And now UF...
UF Orientation

Employee Population

<table>
<thead>
<tr>
<th>Category</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Faculty</td>
<td>84</td>
</tr>
<tr>
<td>Staff</td>
<td>169</td>
</tr>
<tr>
<td>Students and OPS</td>
<td>164</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>417</strong></td>
</tr>
</tbody>
</table>
Library Staff (Benefitted)

“Library types” 118

Others

IT 22
Non-IT 28
<table>
<thead>
<tr>
<th>Duration</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>9 month</td>
<td>3</td>
</tr>
<tr>
<td>Adjunct/Visiting</td>
<td>2</td>
</tr>
<tr>
<td>12 Month</td>
<td>79</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>84</strong></td>
</tr>
</tbody>
</table>
Library Faculty Ranks

Assistant IN  2
Assistant UL  23
Associate IN  3
Associate UL  38
UL           15
Library Staff
   “Library types” (1)
   Others
      IT (2)
      Non-IT (3)

Library Faculty
   Deans (4)
   Chairs and Associate Chairs (5)
   All others (6)

Students and OPS (7)
UF Libraries Salary Systems

Library Staff
   “Library types” (1)
   Others
      IT
      Non-IT

Library Faculty
   Deans
   Chairs and Associate Chairs
   All others (2)

Students and OPS
“Library types”
Initial Concerns & Issues:

- Comparison to prevailing wage
- Pay rates did not reflect technical qualities of positions or professional credentials of employees
- Existing classification structure and its administration were flawed
Issues: Classification Structure

LTA and Archivist classifications were:

• inadequately defined
• not appropriate for the majority classified as Archivist
• Did not depict a hierarchy: Sr. LTA’s v. LTA Supervisors
Issues: Classification Structure

Program Assistant and Coordinator classifications had been utilized by a variety of library departments as ‘best fit’ classifications for some positions performing library-specific duties.
Issues: Classification Structure

Salary adjustments for promotions, demotions and lateral moves were inconsistent.

Inconsistent rates used for recruitment.
Improving Classifications

• 2006 Staff Structure Reorganization Committee was charged
  – Proposed new series of Library Assistant and Associate classifications
  – Produced Classification Descriptions and Examples of Duties
Improving PD’s

• 2007 UF staff *Performance Management Initiative* was launched

  – All staff Position Descriptions were reviewed and updated that spring

  – Submitted electronically and posted online
Review of Library Positions

• Each position’s duties, as detailed in the PD, were compared to the Classification Descriptions and Examples of Duties, by
  – Supervisor and employee
  – Unit
  – Department, and
  – Division
Classifications

- Each position was mapped to the appropriate Library Assistant or Library Associate classification.
Classifications

• All mapping recommendations put forth by the divisions were reviewed by the Library Deans to ensure positions were mapped equitably and consistently across the different divisions of the libraries.
## Salary Systems – Library STAFF

<table>
<thead>
<tr>
<th>Mapped Classification</th>
<th>Original</th>
<th>#</th>
</tr>
</thead>
<tbody>
<tr>
<td>Library Assistant I</td>
<td>MOTOR VEHICLE OPR</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>LIBRARY TECHNICAL AST</td>
<td>3</td>
</tr>
<tr>
<td>Library Assistant II</td>
<td>SECRETARY, SR</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>LIBRARY TECHNICAL AST</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td>LIBRARY TECHNICAL AST, SR</td>
<td>16</td>
</tr>
<tr>
<td>Library Assistant III</td>
<td>LIBRARY TECHNICAL AST</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>LIBRARY TECHNICAL AST, SR</td>
<td>28</td>
</tr>
<tr>
<td>Library Associate I</td>
<td>ARCHIVIST, SR</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>LIBRARY TECHNICAL AST</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>LIBRARY TECHNICAL AST SPV</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>LIBRARY TECHNICAL AST, SR</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>PROGRAM AST</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>ARCHIVIST</td>
<td>14</td>
</tr>
<tr>
<td>Library Associate II</td>
<td>COMPUTER APPLICATIONS, CRD 2</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>LIBRARY TECHNICAL AST SPV</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>LIBRARY TECHNICAL AST, SR</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>PROGRAM AST</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>ARCHIVIST</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>ARCHIVIST, SR</td>
<td>7</td>
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<tr>
<td></td>
<td>ACADEMIC SUPP SVCS, CRD 1</td>
<td>8</td>
</tr>
<tr>
<td>Library Associate III</td>
<td>ARCHIVIST</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>COMPUTER APPLICATIONS, CRD 2</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>ACADEMIC SUPP SVCS, CRD 1</td>
<td>8</td>
</tr>
</tbody>
</table>
Implementing Classifications

• Each position was reclassified to the appropriate Library Assistant or Library Associate classification.
Implementing Classifications

• Job vacancies for positions with primarily library-specific job duties are all posted as Library Assistant or Library Associate positions.
UF

Salary Systems – Library STAFF

Job Groupings

Salary Structure
Establishing Salary Structure

- Selected the 2006 ALA-APA Salary Survey (Non-MLS, Public and Academic)
Establish Ranges:

width, midpoint, and progression

- Determined the target minimum, mean and maximum salaries for each of the new Library Assistant and Library Associate classifications.
# 2007 Salary Structure

<table>
<thead>
<tr>
<th>Classification</th>
<th>Minimum</th>
<th>Average</th>
<th>Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Library Assistant I</td>
<td>$20,581</td>
<td>$24,213</td>
<td>$27,845</td>
</tr>
<tr>
<td>Library Assistant II</td>
<td>$22,639</td>
<td>$26,634</td>
<td>$30,629</td>
</tr>
<tr>
<td>Library Assistant III</td>
<td>$24,903</td>
<td>$29,298</td>
<td>$33,692</td>
</tr>
<tr>
<td>Library Associate I</td>
<td>$27,393</td>
<td>$32,227</td>
<td>$37,062</td>
</tr>
<tr>
<td>Library Associate II</td>
<td>$30,133</td>
<td>$35,450</td>
<td>$40,768</td>
</tr>
<tr>
<td>Library Associate III</td>
<td>$33,146</td>
<td>$38,995</td>
<td>$44,845</td>
</tr>
</tbody>
</table>
Now what?

How do we create a distribution of wages for a population from an old (imperfect) system to a completely new staff classification structure?
Salary Systems – Library STAFF

Answer:

Compensable Factors
Compensable Factors

- Selected “Relevant Experience” and Education
- They were given equal weight
## Defined Levels

<table>
<thead>
<tr>
<th>Education Level (1-7)</th>
<th>Degree</th>
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<tbody>
<tr>
<td>1</td>
<td>HS</td>
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<tr>
<td>2</td>
<td>AA/AS</td>
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<tr>
<td>3</td>
<td>BA/BS</td>
</tr>
<tr>
<td>4</td>
<td>Masters</td>
</tr>
<tr>
<td>5</td>
<td>MLS</td>
</tr>
<tr>
<td>6</td>
<td>MLS and Additional Masters</td>
</tr>
<tr>
<td>7</td>
<td>PhD</td>
</tr>
</tbody>
</table>
Salary Systems – Library STAFF

- Collected data for each employee

<table>
<thead>
<tr>
<th>Education Level (1-7)</th>
<th>Degree</th>
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<tbody>
<tr>
<td>1</td>
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<td>7</td>
<td>PhD</td>
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</table>

<table>
<thead>
<tr>
<th>Education Level</th>
<th>Years of Experience</th>
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</thead>
<tbody>
<tr>
<td>Mean</td>
<td>2.9</td>
</tr>
<tr>
<td>Median</td>
<td>3</td>
</tr>
</tbody>
</table>
Compensable Factors

• The relative weight of the levels (degrees) for both of the compensable factors was established.
Salary Systems – Library STAFF

The average level of each compensable factor was assigned a weight of 1.0.

<table>
<thead>
<tr>
<th>Years of Experience</th>
<th>Modifier</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-2</td>
<td>0.85</td>
</tr>
<tr>
<td>3-5</td>
<td>0.9</td>
</tr>
<tr>
<td>6-8</td>
<td>0.95</td>
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<tr>
<td>9-11</td>
<td>1.0</td>
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<tr>
<td>12-15</td>
<td>1.05</td>
</tr>
<tr>
<td>16-20</td>
<td>1.1</td>
</tr>
<tr>
<td>21+</td>
<td>1.15</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Education Level</th>
<th>Modifier</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.85</td>
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<td></td>
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<tr>
<td>0.95</td>
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<tr>
<td>1.0</td>
<td></td>
</tr>
<tr>
<td>1.05</td>
<td></td>
</tr>
<tr>
<td>1.1</td>
<td></td>
</tr>
<tr>
<td>1.15</td>
<td></td>
</tr>
</tbody>
</table>
Calculations

• The compensable factors for each employee’s education and relevant professional experience were averaged to arrive at an overall compensable factor for that employee.
Calculations

• This average was applied to the targeted salary midpoint for the classification to which the employee’s position was mapped.
Calculations

- The resulting wage was the target individual wage (above, at or below the midpoint for the range).
Salary Systems – Library STAFF

Clear enough?
How about an example?

See: Example of the Application of Compensable Factors
Outcome

Salaries for employees in comparable positions are distributed, in a consistent manner, around a common midpoint oriented to the external market.
Outcome

104 of the 119 employees whose positions were mapped to Library Assistant or Library Associate classifications were targeted for a salary increase.
Implemented in 2007 (April and October)
Effective 09/19/08, staff employees at UF received a 2% across the board pay increase.

- Midpoint targets for the Library Assistant and Associate classifications were increased by 2%.
Maintenance

Effective 07/01/10, staff employees at UF who met certain criteria received an across the board (ATB) pay increase equivalent to 1% of their annualized salaries.

They also were eligible for merit increases.

- Midpoint targets for the Library Assistant and Associate classifications were increased by 1%.
Maintenance

• Effective 09/16/11 staff employees at UF received an ATB increase of 3% to help offset a legislative change that required employees to contribute 3% toward their retirement benefits.

• Midpoint targets for the Library Assistant and Associate classifications were increased by 3% to reflect this event.
Salary Structure

• From implementation to present the salary structure has been adhered to for offers, promotions, and other career events for staff

(Using the same method as the example)

(See George A. Smathers Libraries Staff Base Salaries)
Salary Systems – STAFF

Salary Structure

• Delivers: salary discipline and consistency
  – Promotions and demotions
  – Recruitment (internal and external)

• Needs:
  – Regular ATB raises to sustain (external equity)
  – Merit to differentiate based on performance and credentialing (internal equity)
Salary Systems – Faculty

Faculty, All others
Issues

• Compression

• Ad hoc salary decisions based (inconsistently) upon
  – rank
  – assumptions of job worth and market demand

• Lack of transparency
Joint Committee formed in 2008

Charge:

Establish a market equity design with an internally and externally equitable salary structure

Final report submitted March 2009
Joint Committee Findings:

- Association of Research Libraries (ARL) Salary Survey is a serviceable external measure
Joint Committee Findings:

• ARL US, public university libraries constitute a suitable representation of UF’s peer institutions
Joint Committee Findings:

- ARL’s “non-administrative” job types are the most reasonable basis for external linkage
Joint Committee Findings:

• Applying locally defined compensable factors allows for internal equity
  – Advanced degrees held in addition to the MLS, which are applicable to the job assignment
  – A limited number of faculty positions require uncommon skills, such as foreign language fluency
Joint Committee Findings:

- Salaries should reflect differences in librarian rank and length of service
  - 12-15 years of service represented the midpoint of the distribution for ARL data and, with the UF rank of Associate UL, represented UF’s population midpoint
Joint Committee Findings:

• Performance is an important component of an equitable salary structure...
Establishing a Faculty Salary Structure

– Next turn at bat: Library Administration
ARL Salary Survey – My Take

– Comprehensive

– Broad participation among ARL HR officers, including UF

– Provides comparison data for UF’s peer institutions
ARL Salary Survey – My Take

– Large data pool offers higher validity

– Includes position specific data

• can assume HR Officers would likely interpret definitions similarly
ARL Salary Survey – My Take

- Updated annually

  • Easy to rework figures based on current year’s data

    - Joint committee used 08-09

    - Implementation based on 09-10

- Includes data from law and medical libraries
ARL Salary Survey – My Take

– Plus the data is accessible
ARL Salary Survey – My Take

All of these factors make this the ‘go to’ salary reference for ARL institutions
ARL Salary Survey – My Take

• Challenges
  
  ▪ Tables are numerous but statistics and tables are limited for our purposes
  
  ▪ This requires the deriving of data

http://publications.arl.org/ARL-Annual-Salary-Survey-2009%E2%80%932010/
ARL Salary Survey – My Take

• Challenges

  ▪ Definitions of job “codes”

    ▪ **Subject Specialist** - primarily build collections, but may also offer specialized reference and bibliographic services

    ▪ **Reference librarians**, both general and specialized

    ▪ **Public Services**, non-supervisory, except reference librarians

http://publications.arl.org/ARL-Annual-Salary-Survey-2009%E2%80%932010/
Salary Systems – Faculty

ARL Salary Survey - Analysis
ARL Salary Survey - Analysis

Reminder: ALL calculations used in UF Faculty Market Equity are reflected in the spreadsheet posted at

http://ufdc.ufl.edu/AA00013202

Note: There you can also find a primer on weighted averages
ARL Salary Survey – Tables of Interest

Table 25: average salaries by position and geographic region

Table 26: average salaries of US librarians by position and years of experience

Figure 5: average salaries for Functional Specialists

Table 20: average salaries by position and years of experience

http://publications.arl.org/ARL-Annual-Salary-Survey-2009%E2%80%932010/
ARL Salary Survey - Analysis

Comparison of Regions

Note:

Derived from Table 25

Required establishment of ‘core librarian’ positions

See: “Calc of Regional Factor”
ARL Salary Survey - Analysis

Calculation of average salaries for subject specialist, reference, and public services; and catalogers and technical services

Note: Derived from Table 26

See: “WAVG for TS, Cat., & SS-Ref-PS”
ARL Salary Survey - Analysis

Average salaries for functional specialist provided in Figure 5

See: “AVG for FUNCTSPEC”
Salary Systems – Faculty

ARL Salary Survey - Analysis

Establish years of experience and job type midpoints

Note: Derived from Table 26

See: “Calc of Exp Factors”
Findings

1. Variations exist between, regions and type of entity (public v. private)

2. Years of experience is a stable predictor of salary
Findings

3. Medical positions would be addressed with ARL numbers (versus MLA)
Findings

4. Average salaries vary significantly by job type

See: “Combined Midpoints”
Decisions necessary to create a Faculty Salary Structure
Decisions: Relevant Market

• We would use South Atlantic, Public and Private
  – Applying a factor of .9383 to national averages
Decisions:

- We would determine a “base salary” specific to each faculty member based upon
  - Position-specific factors
    (e.g. “job type”)
  - Individual-specific factors
    (e.g. experience)
Decisions: Position Groupings

• We would merge Subject Specialist, Reference, and Public Services “job types”
Decisions:

• Stipends for department chairs and associate chairs excluded from the base salary calculations

See: Stipend for Smathers Libraries
Decisions:

- Salary specific to each faculty member based upon

  1. Position-specific factors

     - Job Type

     - Language: Adjust up 9%, if foreign language required for position
Decisions:

• Salary specific to each faculty member based upon

  2. Individual-specific compensable factors:

  • Rank: Adjust up or down, from Associate, by 9% for Assistant UL and UL

  • Length of Service: Adjust up or down for applicable experience above or below ARL average
Salary Systems – Faculty

See: resulting Faculty Salary Structure
Implications:

• Faculty in similar job types form peer groups (position groupings)

• Other factors will differentiate their actual salaries (compensable factors)
Decisions:

• Salary specific to each faculty member based upon

2. Individual-specific compensable factors (continued):

  • Advanced Degrees: Adjust up for additional relevant advanced degrees (maximum of $5,000)
  
  • Performance: Adjust up to retain effect of 2010 merit increases
Decisions regarding Performance and Eligibility:

- Cap all raises at 18%

- Cap raises at 9% for faculty with “Achieves” (or no evaluation) in primary responsibility in either of the past 2 years

- Exclude faculty with “Does Not Meet” in any category in either of the past 2 years

Does not preclude the ability to apply for individual market equity evaluations
Salary Systems – Faculty

Application

See: “Examples of Salary Calculation”
Communication

See: corresponding “Library Faculty Market Equity Assessment Report”
Salary Systems – Faculty

To summarize:
1. External equity based on:
   - Job type (Midpoint for ranges)
   - Geographic region (Application of ATB Factor)
2. Internal equity based on:

- Years of experience (with UF Ranks imposed)
- Special requirements of the position
  - SKA (Language)
  - Administrative (Stipends)
- Educational credentials
- Performance (inclusion of past merit & qualifiers)
Results

Total eligible: 76 faculty

- 49 (64%) targeted to receive raise
- 19 (25%) already at or above market equity
- 8 (11%) do not meet minimum requirement
Results

- Of the 49 targeted to receive raise
- 7 faculty capped at 18%
- 7 faculty capped at 9%
Salary Systems – Faculty

Maintenance:

See: “Library Search Offer”


Invitation:

For further discussion, please contact me at

bwkeith@ufl.edu

or

352-273-2600
Methods for Establishing and Maintaining an Equitable Salary Structure

THANK YOU!