

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>

Prologue

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

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

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

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.

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?”

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".

Why establish a structure?

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

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

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

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.

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.

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

Faculty	84
Staff	169
Students and OPS	164
Total	417

UF Orientation

Library Staff (Benefitted)

“Library types”	118
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Others

IT	22
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Non-IT	28
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UF Orientation

Library Faculty

9 month	3
Adjunct/Visiting	2
12 Month	79
Total	84

UF Orientation

Library Faculty Ranks

Assistant IN	2
Assistant UL	23
Associate IN	3
Associate UL	38
UL	15

UF Libraries Salary Systems

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~~

Salary Systems – Library STAFF

“Library types”

Salary Systems – Library STAFF

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

Salary Systems – Library STAFF

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

Salary Systems – Library STAFF

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.

Salary Systems – Library STAFF

Issues: Classification Structure

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

Inconsistent rates used for recruitment.

Salary Systems – Library STAFF

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

Salary Systems – Library STAFF

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

Salary Systems – Library STAFF

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

Salary Systems – Library STAFF

Classifications

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

Salary Systems – Library STAFF

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

Mapped Classification	Original	#
Library Assistant I	MOTOR VEHICLE OPR	1
	LIBRARY TECHNICAL AST	3
Library Assistant II	SECRETARY, SR	1
	LIBRARY TECHNICAL AST	9
	LIBRARY TECHNICAL AST, SR	16
Library Assistant III	LIBRARY TECHNICAL AST	3
	LIBRARY TECHNICAL AST, SR	28
Library Associate I	ARCHIVIST, SR	1
	LIBRARY TECHNICAL AST	1
	LIBRARY TECHNICAL AST SPV	1
	LIBRARY TECHNICAL AST, SR	1
	PROGRAM AST	2
	ARCHIVIST	14
Library Associate II	COMPUTER APPLICATIONS, CRD 2	1
	LIBRARY TECHNICAL AST SPV	2
	LIBRARY TECHNICAL AST, SR	3
	PROGRAM AST	3
	ARCHIVIST	4
	ARCHIVIST, SR	7
	ACADEMIC SUPP SVCS, CRD 1	8
Library Associate III	ARCHIVIST	1
	COMPUTER APPLICATIONS, CRD 2	1
	ACADEMIC SUPP SVCS, CRD 1	8

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Implementing Classifications

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

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Salary Systems – Library STAFF

Implementing Classifications

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

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Job Groupings

Salary Structure

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Establishing Salary Structure

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

Salary Systems – Library STAFF

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.

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2007 Salary Structure

Classification	Minimum	Average	Maximum
Library Assistant I	\$20,581	\$24,213	\$27,845
Library Assistant II	\$22,639	\$26,634	\$30,629
Library Assistant III	\$24,903	\$29,298	\$33,692
Library Associate I	\$27,393	\$32,227	\$37,062
Library Associate II	\$30,133	\$35,450	\$40,768
Library Associate III	\$33,146	\$38,995	\$44,845

Salary Systems – Library STAFF

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?

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Answer:

Compensable Factors

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Compensable Factors

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

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Defined Levels

Education Level (1-7)	Degree
1	HS
2	AA/AS
3	BA/BS
4	Masters
5	MLS
6	MLS and Additional Masters
7	PhD

Salary Systems – Library STAFF

- Collected data for each employee

Education Level (1-7)	Degree
1	HS
2	AA/AS
3	BA/BS
4	Masters
5	MLS
6	MLS and Additional Masters
7	PhD

	Education Level	Years of Experience
Mean	2.9	11.74
Median	3	10

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Compensable Factors

- The relative weight of the levels (degrees) for both of the compensable factors was established.

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

Years of Experience	Modifier
0-2	0.85
3-5	0.9
6-8	0.95
9-11	1.0
12-15	1.05
16-20	1.1
21+	1.15

Education Level	Modifier
	0.85
1	0.9
2	0.95
3	1.0
4	1.05
5	1.1
6-7	1.15

Salary Systems – Library STAFF

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.

Salary Systems – Library STAFF

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?

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How about an example?

See: [Example of the Application of Compensable Factors](#)

Salary Systems – Library STAFF

Outcome

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

Salary Systems – Library STAFF

Outcome

104 of the 119 employees whose positions were mapped to Library Assistant or Library Associate classifications were targeted for a salary increase

Salary Systems – STAFF

Implemented in 2007 (April and October)

Salary Systems – STAFF

Maintenance

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%.

Salary Systems – STAFF

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%.

Salary Systems – STAFF

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 Systems – STAFF

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

Salary Systems – Faculty

Issues

- Compression
- Ad hoc salary decisions based (inconsistently) upon
 - rank
 - assumptions of job worth and market demand
- Lack of transparency

Salary Systems – Faculty

Joint Committee formed in 2008

Charge:

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

Final report submitted March 2009

Salary Systems – Faculty

Joint Committee Findings:

- Association of Research Libraries (ARL) [Salary Survey](#) is a serviceable external measure

Salary Systems – Faculty

Joint Committee Findings:

- ARL US, public university libraries constitute a suitable representation of UF's peer institutions

Salary Systems – Faculty

Joint Committee Findings:

- ARL's “non-administrative” job types are the most reasonable basis for external linkage

Salary Systems – Faculty

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

Salary Systems – Faculty

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

Salary Systems – Faculty

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

Salary Systems – Faculty

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

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

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

Salary Systems – Faculty

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

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”

Salary Systems – Faculty

Findings

1. Variations exist between, regions and type of entity (public v. private)
2. Years of experience is a stable predictor of salary

Salary Systems – Faculty

Findings

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

Salary Systems – Faculty

Findings

4. Average salaries vary significantly by job type

See: “Combined Midpoints”

Salary Systems – Faculty

Decisions necessary to create a Faculty
Salary Structure

Salary Systems – Faculty

Decisions: Relevant Market

- We would use South Atlantic, Public and Private
 - Applying a factor of .9383 to national averages

Salary Systems – Faculty

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)

Salary Systems – Faculty

Decisions: Position Groupings

- We would merge Subject Specialist, Reference, and Public Services “job types”

Salary Systems – Faculty

Decisions:

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

See: [Stipend for Smathers Libraries](#)

Salary Systems – Faculty

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

Salary Systems – Faculty

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

Salary Systems – Faculty

Implications:

- Faculty in similar job types form peer groups (position groupings)
- Other factors will differentiate their actual salaries (compensable factors)

Salary Systems – Faculty

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

Salary Systems – Faculty

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”

Salary Systems – Faculty

Communication

See: corresponding “Library Faculty Market Equity Assessment Report”

Salary Systems – Faculty

To summarize:

Salary Systems – Faculty

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

Salary Systems – Faculty

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)

Salary Systems – Faculty

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

Salary Systems – Faculty

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”

REFERENCE

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Invitation:

For further discussion, please contact me at

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THANK YOU!