

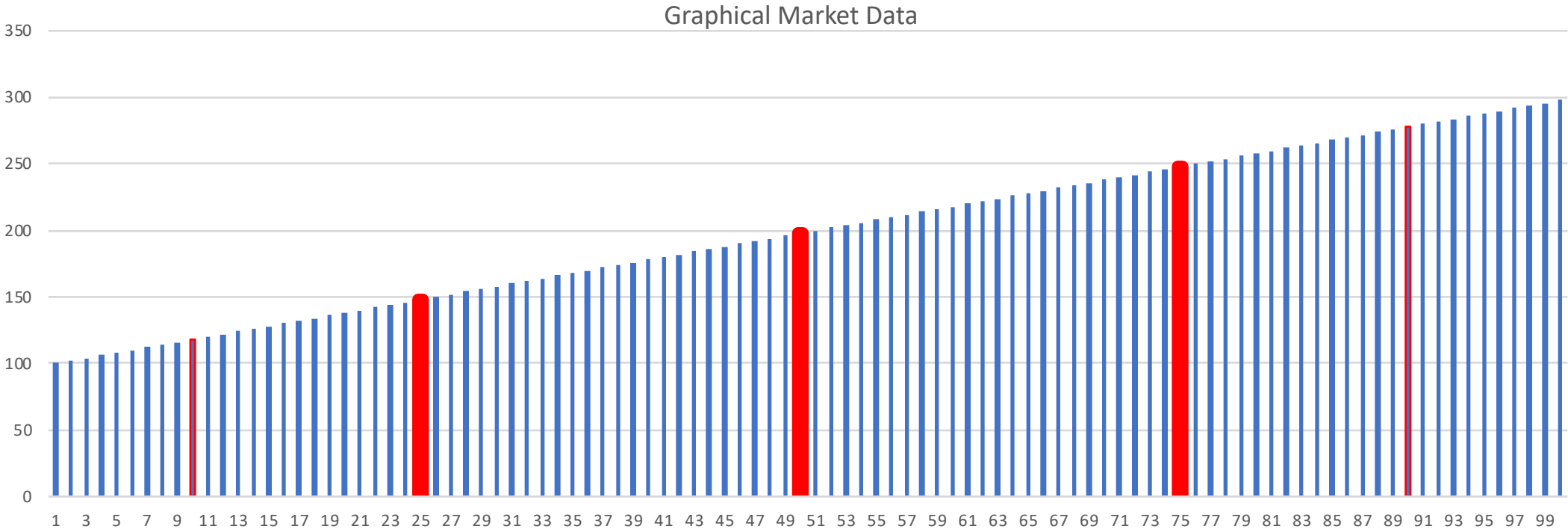
# Compensation

Making Fair, Equitable and Prudent Salary Decisions

# 6 Salary Setting Situations

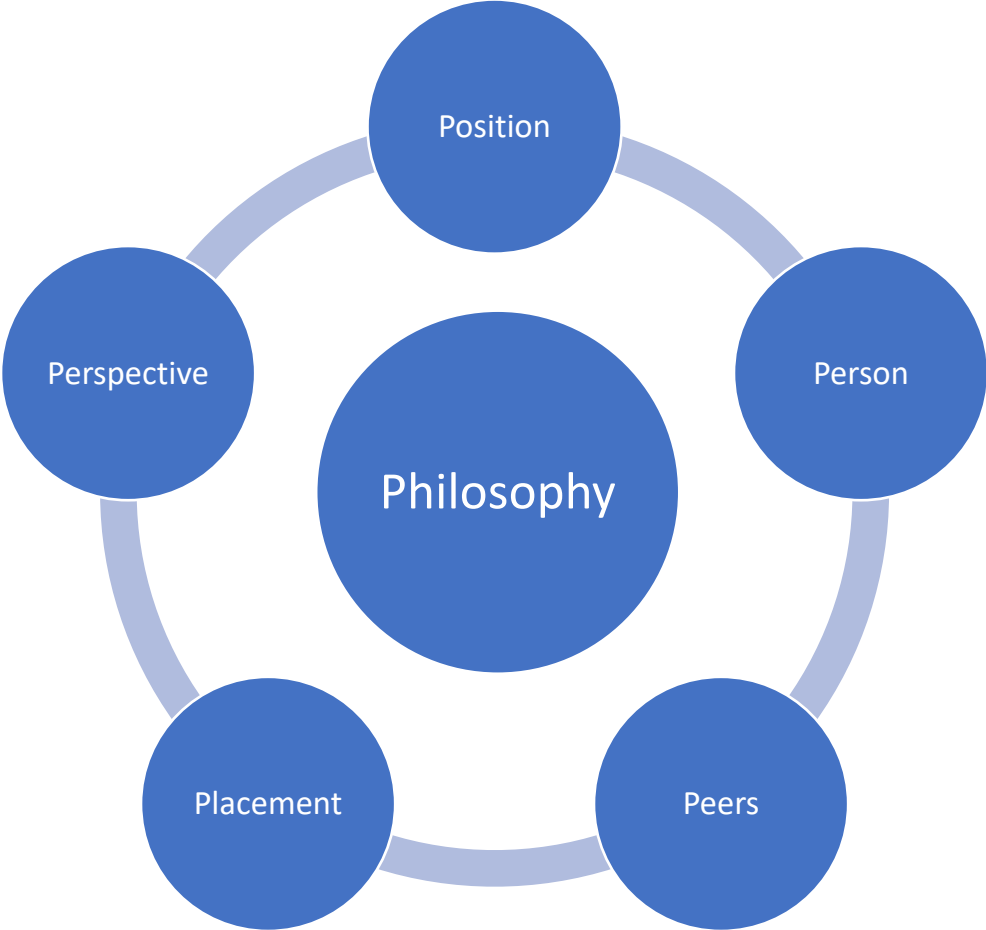
1. New hire salary setting
2. Transfers/Internal Movement
3. Reclassifications (upward vs downward vs lateral)
4. Equity Adjustments
5. Administrative Stipends
6. Merit Increases

# The Purpose of The 6 Principles of Pay Equity



What's the "right" competitive salary?

# The 6 Principles of Pay Equity



# Who should be taxed more?

<b>Martin - \$40,000/yr salary Gap Sales Associate II</b>	<b>Gina - \$40,000/yr salary Banana Republic Sales Assoc. II</b>
0 dependents	2 dependents
Pays \$10,000 annually in mortgage interest (write off)	No mortgage interest
Has Airbnb (write off)	No Airbnb
No student loan interest	Pays \$3,500 annually in student loan interest (write off)

# Who should be paid more?

	<b>Martin - \$40,000/yr salary Gap Sales Associate II</b>	<b>Gina - \$40,000/yr salary Banana Republic Sales Assoc. II</b>
Position	Works at flagship store in NYC with hundreds of customers weekly	Works in suburban store with few customers weekly
Person	Is an award winning employee with 2 years of experience	Has 5 years of experience and an advanced degree in retail management
Peers	Similar Gap Associates make \$55K	Similar BR Associates make \$35K
Placement (Budget)	Gap sales dropped and must freeze salaries	BR sales grew and can now give 4.5% salary increases

# Principles of Pay Equity: Compensation Philosophy

- The University of California is recognized worldwide for its excellence in education, research, and clinical enterprise. Our employees are the foundation of our excellence. **University of California's compensation programs are fair & equitable.** Our overall programs and salary structures are based on **the local cost of labor and prudent financial decisions as a state of California employer.** We want to recruit and retain the best employees, and maintaining distinction in our compensation programs is part of an overarching theme in perpetuating its reputation. Our Compensation Philosophy Guiding Principles serve as a reference point in designing, delivering, and administering cash compensation programs in relation to other programs to ensure the University fulfills its commitment to employees and obligation to the public at large. University's Compensation Program should align with the University's Labor Relations objectives, and that compensation and labor relations should complement and support each other.

# Principles of Pay Equity: Position

- Review the **scope** of the Job Description and consider if there is anything about the position that makes it **more or less** impactful, complexity, “sensitivity“ or requires significantly different knowledge/skills/ability that are different than similar positions.
  - Is there automation available to this role that others may have to do manually?
  - Does this role repeat the same general functions/steps consistently or do the problems resolved vary greatly per assignment?
  - Are there consequences of mistakes that are more significant than others performing a similar role?
  - Is this role particularly hard to fill due to specialized knowledge or skills that are atypical for this role where the risk/cost of vacancy is significantly greater than similar role?
  - How does this positions depth and breadth compare to other roles on campus?



# Principles of Pay Equity: Person

- Review the resume, consider how **their background, skills, experience** compare to what would be **expected from a fully proficient** professional
  - On the continuum of novice (still learning) to expert (ready to train/lead others) where would you rate this person – why?
  - Does this person always demonstrate expertise completing job duties and in making effective decisions?
  - how would you characterize their level of demonstrated expertise compared to what you see from others with similar years of experience? How many years of experience does this person have performing this role?
  - What, if anything makes this person's background different and more/less valuable to Berkeley than others in a similar role?
- **Refer to salary placement guidelines and Achieve Together Criteria of Job Mastery**
- **Note: Proficiency in this context relates to the knowledge, skills, ability & performance of the individual. Not just their relative background but also how they execute their duties to achieve goals.**

# Salary Placement Guidelines

## Drafted Language For Review

### At a glance

Quartile 1	Quartile 2	Quartile 3	Quartile 4
These employees consistently demonstrate <b>basic proficiency</b> in <b>some</b> of the knowledge, skills, and abilities <b>required</b> for the role; are gaining proficiency in the preferred knowledge, skills, and abilities; and/or <b>need frequent guidance</b> for role specific challenges.	These employees consistently demonstrate <b>intermediate proficiency</b> in the <b>majority</b> of the knowledge, skills, and abilities <b>required</b> for the role; may have some <b>preferred</b> knowledge, skills, and abilities; and/or <b>need routine guidance</b> for role specific challenges.	These employees consistently demonstrate <b>full proficiency</b> in <b>most</b> of the knowledge, skills, and abilities <b>required</b> for the role; have most of the <b>preferred</b> knowledge, skills, and abilities; and/or <b>need occasional guidance</b> for role specific challenges.	These employees consistently demonstrate <b>full proficiency in ALL the required and preferred</b> knowledge, skills, abilities for the role; and/or may <b>provide guidance</b> to others in similar roles for role specific challenges

# Principles of Pay Equity: Peers

- What/Who are the peer positions to this role that would make sense to compare?
  - Anyone in the same or similar job title/classification within the department or campus?
  - What's the average years of experience and compa-ratio of these peer roles?
  - Are there specific roles/individuals that make more or less sense to compare and why? (consider scope, complexity, background, experience etc.)
  - Are there other individuals within the division/campus that may be effected by this decision (budget impact, "me too")
  - Are there clear 'counterparts' such as other direct reports of the same manager that should be considered?

# Principles of Pay Equity: Placement

- After considering the position, person and peers, what do you believe is the equitable salary/compa-ratio placement?
  - Where within the salary range do you believe this person should be paid?
  - Do you believe that placing the salary at this level creates any equity concerns that may necessitate adjusting salaries of other individuals within the division or campus?
  - Are there special circumstances related to the salary placement that on the surface may appear to be inequitable, but readily justifiable (previous experience, very specialized and expensive skill set, market pressure)?

# Principles of Pay Equity: Perspective

- Summarize your perspective of why the ‘final’ pay determination was made.
  - What other factors did you consider beyond previously discussed items? Are they objective and non-biased?
  - Does it fit within the context of the salary placement guidelines?
  - Did you alter your initial placement recommendation due to budget constraints?
  - Was this a counter-offer situation that the risks were too high not to meet?
  - Are you absolutely satisfied that you have adequate documentation and rationale to explain the final fair and equitable decision?
  - Do you feel as though you had to heavily weight one consideration over the others (e.g. Position is so much more complex etc. that necessitated to pay in this range)
- It’s not unusual that the final pay determination is different than you’re targeted placement; however, being able to clearly articulate your perspective of the final rationale may be the most crucial part of equitable pay decisions. May also consider long-term pay strategy for individuals or teams due to current constraints.

Questions?