

Salary Setting Guidelines

Divisional supervisors and managers are advised to consider the factors outlined below when setting new employee salaries, and that new hire salary maximums continue to be approved in advance of recruitment through the SA Position Control process. Given current and forecasted budget constraints, it is critical to continue to promote total rewards when more market-competitive salary offers aren't possible.

Salary setting is an art not a science, and the framework provided here is intended to support a robust logic/rationale when establishing equitable employee salaries.

1. Recruitment and retention difficulty: Consider the size of the qualified applicant pool, salary expectations of qualified candidates, length of recruitment process, external market factors, etc.
2. Candidate's salary expectations, comparable internal salaries, and market rates: Consider the campus guidelines on salary placement, below:
 - a. *First Quartile*: intended for individuals who are new to the grade, are in a learning situation, and/or do not have substantial experience in the new position.
 - b. *Second Quartile*: intended for employees who have gained experience and skill and who are becoming more proficient in the position for which they were hired. They generally meet expectations in their positions.
 - c. *Midpoint*: The midpoint usually represents the market rate for this position, and represented fully experienced employee at that level.
 - i. Midpoint is the right salary for a solid performer with 6-8 years experience working at that level.
 - d. *Third Quartile*: The third quartile is typically reserved for experienced employees who frequently exceed expectations. Consult with the Compensation Unit, as needed, for salaries above midpoint.
 - e. *Fourth Quartile*: The fourth quartile of the range is normally reserved for individuals who are consistently exceptional. Consult with the Compensation Unit, as needed, for salaries above midpoint.
3. Knowledge, skills, and experience compared to others performing similar work: New hire salaries must have integrity relative to staff in existing, similar positions; be sure to consider the reasoning behind possible salary inequities and be prepared to articulate the rationale for significant salary differences. Compensation should be based on the value added by the position, and the expected level of contribution by the employee. Proxies for evaluating level of contribution include:
 - a. **Individual performance, experience, skills, knowledge, and education**: Consider the business needs of the position in addition to a candidate's qualifications when setting salary - overqualified candidates may have salary expectations that do not align with the business need.
 - b. **Scale and scope of work performed**: consider portfolio differentials within campus and in the department for the same job code and/or grade level.
 - c. **Length of service**: While providing employees and the campus with a wealth of institutional knowledge, tenure does not by itself determine the level of contribution or responsibility required for the position. Length of service, as well as experience on committees or special projects outside of the scope of the primary job responsibilities, are helpful for preparing the individual for future career opportunities but also do not define the scope or level of the current position.

4. Budget and organizational priorities: Managers and supervisors should consider the relative priority and importance of the functions/projects of the position when setting salaries (i.e. student impact, revenue generation potential, risk management, etc.).
5. Salary compression: There should be a 5-10% salary difference between supervisors and their employees, with exceptions for highly specialized direct reports (who may earn the same or more than their supervisor).
6. Campus and Divisional authority delegation:
 - a. **For positions with steps** (those covered under bargaining contracts): Authority up to the mid-point of the step structure is delegated to the hiring department (middle step plus one). The Vice Chancellor has approval through the range. Consultation with HR is expected for above mid-point salaries.
 - i. The salary of an employee must be on one of the predefined steps.
 - ii. A Step Structure may range from 1 to 25 or more steps of pay, and may or may not include half-steps.
 - iii. Salaries for the majority of staff employees are stated in monthly rates.
 - iv. With a range adjustment, each step is increased by a specific percentage and each employee on a step automatically receives the new rate for that step.
 - b. **For PPSM-MSP and PPSM-PSS positions**: Requests for consideration above the midpoint are approved by the Vice Chancellor (in SA this is delegated to the position control team). MSP appointments above the midpoint of the salary range require final approval by the appropriate Vice Chancellor.

Managers have the greatest flexibility to determine an individual's wage in the step structure at the time of hire- before they are represented by a union as salary actions become governed by the terms of the bargaining unit contract. Therefore it is critical that hiring managers employ careful thought and strategic planning at the time of salary setting for represented positions.

HR partners/recruiters will provide recommendation for starting step or salary for the candidate, based on comp analysis and candidate's experience. The hiring manager will then make a final salary determination based on the candidate's experience and the skills/abilities they bring to the position.

Finally, hiring managers and recruiters are advised to consider the benefit of performing structured assessments and relevant performance observations during recruitment, when possible.