

What Are the  
Different Types of  
Salary Increases?

How Are Jobs  
Evaluated?

*Your* **Work**

*Your* **Performance**

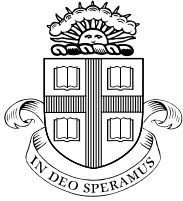
*Your* **Pay**

How Are  
Salaries  
Determined?



**BROWN UNIVERSITY**  
Human Resources  
Compensation Office

Web address: [http://www.brown.edu/Administration/Human\\_Resources/hrweb/](http://www.brown.edu/Administration/Human_Resources/hrweb/)



# *Compensation Philosophy*

**BROWN UNIVERSITY** is committed to excellence in all that it undertakes and to treating its staff and faculty fairly and equitably. This commitment is met, in part, by providing a total compensation package (salary plus benefits) that enables the University to attract and retain highly skilled and talented employees at all levels.

This booklet was developed by  
The Human Resources Department

in collaboration with  
The Staff Advisory Committee

This compensation guide is intended to provide all employees with an overview of staff compensation at Brown University. Additional information can be accessed through the Human Resources web pages or by calling the Compensation Office at extension 9320.

*March 1999*

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# *Salary administration process*

Definition: The salary administration process refers to all components of the University's formal pay program.

A staff employee's pay at Brown University is impacted by the following:

**JOB EVALUATION**

**SALARY RANGES**

**ANALYSIS OF THE LABOR MARKET  
AND INTERNAL EQUITY**

**SALARY INCREASE PROGRAM**

**PERFORMANCE EVALUATION**

# How are jobs evaluated?

The job evaluation process establishes the relative value of jobs throughout the University.

TWO STEPS ARE INVOLVED IN THE PROCESS:

**1 Job Analysis and Job Descriptions** - Each position has a Position Content Document (PCD) that identifies key duties, responsibilities, and qualifications necessary to perform the job. Departments prepare PCDs for evaluation.

**2 Job Evaluation** - The evaluation process assigns a value to the content of each position in terms of three well-defined, compensable factors: Know-How, Problem Solving, and Accountability. The Hay System, which is the most widely used job evaluation system in the U.S., is used at Brown University.

At the conclusion of the job evaluation process, the compensable factors are assessed and given a value based on objective criteria contained in the Hay System. A numerical total is then derived and each position is assigned a salary grade, which has a corresponding salary range.

THE THREE MAIN COMPENSABLE FACTORS AND THEIR DIMENSIONS INCLUDE:

**Know-How** - The sum total of every kind of skill necessary for acceptable performance. The dimensions measure the specific content of knowledge or skills required to perform the job competently; the integration of functions and activities; and the amount of interpersonal, motivating, persuading, or influencing skills required.

**Problem Solving** - The original thinking required by the job for analyzing, evaluating, creating, reasoning, arriving at and making recommendations. The measure includes the extent that thinking is circumscribed by standards, covered by precedents, or referred to others and the complexity of the decision-making process.

**Accountability** - The answerability for actions and consequences. It is the measured effect of the job on end results. The dimension measures how much authority or control is vested within the position, the extent to which a job can directly affect actions necessary to produce results (either directly or indirectly), and the magnitude (usually indicated by the general dollar size of the area most clearly or primarily affected by the position).

# What are salary ranges?

The University uses market data to determine salary ranges. Representative benchmark jobs that can be readily compared to the market are surveyed, and salary ranges are established to reflect the "market rate". These ranges are adjusted annually in response to changes in the marketplace and the University's own budgetary constraints.

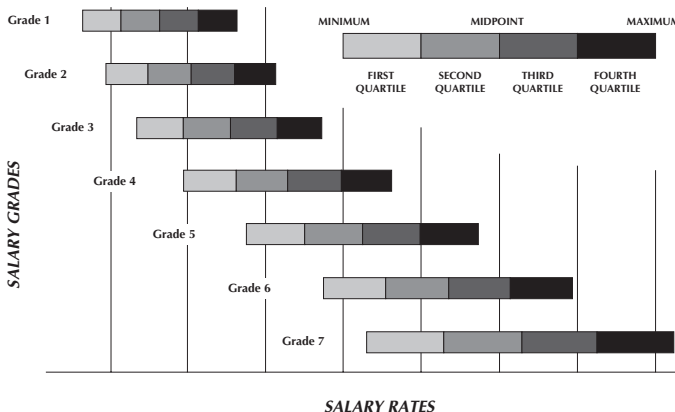
## EACH SALARY RANGE CONSISTS OF:

- MINIMUM:** The lowest wage paid to a new employee with limited or no experience in this specific position.
- MIDPOINT:** The average pay in the market for all like classified positions.
- MAXIMUM:** The highest wage paid for jobs in the salary grade.

Each salary range contains many different jobs. For example, a Senior Administrative Secretary, Staff Assistant and Laboratory Assistant may all have the same grade level because they each have the same relative value as determined by job evaluation.

Salary ranges intentionally overlap from one grade to another. Fully qualified incumbents in a lower grade may be at the high end of their salary range, while the salary of a less experienced employee in a higher grade may be near the minimum of the range. It is thus possible that the salary of an experienced incumbent in a lower-rated position will be the same as or more than the salary of an inexperienced incumbent in a higher-rated position (see graphic below).

### EXAMPLE OF SALARY RANGES



# *How are salaries determined?*

## *What are the different types of salary increases?*

Starting salaries of new hires are normally placed within the first quartile of the salary range. However, if candidates have substantial and directly related education, experience, and skills that allow competent performance to be achieved with a minimal learning curve, the starting salary may be set up to the midpoint of the range. Salary progression in the range occurs over time, based on the salary increase budget and employee performance.

Promotional increases are determined based on the individual's directly related education, experience, and skills; internal and external equity; and the department budget.

Subsequent to employment, salaries normally change as a result of a promotion, an annual merit increase, or an adjustment to maintain internal or external equity.

A number of salary adjustment programs are useful and applicable in varying circumstances:

- **Merit or performance-based pay increases:** Each spring formal performance appraisals are completed for all employees by their supervisors. The University-wide performance appraisal form includes sections on performance of major responsibilities, goals, and core departmental and managerial competencies. Completed performance appraisals are submitted to the Compensation section of the Human Resources Department. All employees hired before April 1st are eligible to receive a merit increase (performance-based) at the start of the new fiscal year (July 1). The President will establish the size of the total salary increase pool based on recommendations from the Advisory Committee on University Planning (ACUP). Some senior staff may retain a portion of this pool for upgrading existing jobs, promotions, or other divisional purposes.
- **Promotion:** Salary increases may be granted when an employee moves to an established position in a higher grade. The employee's relevant skills and experience, internal and external equity considerations, and departmental budget considerations determine the amount of a promotional increase.
- **Job Audit:** The re-evaluation of occupied positions due to substantial changes in responsibilities is called a job audit. As a result of a comprehensive evaluation, a change in grade may occur. Factors for determining the salary increases are similar to those that apply in the case of a promotion.
- **Equity increases:** Equity adjustments may be requested when a salary grade is correct, but the salary is low in comparison to the external marketplace and/or to others, usually in the same grade, with similar credentials who have comparable responsibilities and experience.

# *How do we establish competitive salaries?*

Salary surveys are conducted annually and analyzed to establish and maintain competitive pay levels with all the markets in which the University competes and recruits, as summarized in the following table.

## **SURVEY SOURCES**

<b>EMPLOYEE GROUP</b>	<b>MARKET</b>	<b>SALARY SURVEYS</b>
Department Head and Above	National	Customized surveys with data from selected private research universities
Professional and Administrative	Regional	Customized surveys with data from selected private research universities
Entry Level Paraprofessional	Local	Local surveys of selected manufacturing, service, and educational employers (banks, insurance, health care, etc.)
Support Staff	Local	Local surveys of selected manufacturing, service, and educational employers (banks, insurance, health care, etc.)
All Jobs		Specialized surveys as needed to address rapidly changing competitive situations

# Questions & answers

## Q. Why does the University have salary range minimums and maximums?

- A. The minimum and maximum of a salary range are determined by market pricing jobs and represent the lowest and highest salary paid for a given position. The spread between the minimum and maximum is less for the lower-level positions. It expands in higher-level grades to reflect the increased complexity and responsibility of jobs and the knowledge required. As such, it should take longer to reach the midpoint in higher-level than in lower-level positions.

## Q. Are there methods of rewarding employees for temporarily taking on additional responsibilities or for special projects?

- A. Yes, there are two:
1. Pay Supplements (Policy # 40.043) may be awarded when employees assume additional responsibilities at a higher grade for a minimum of one month. The amount of the supplement should be determined in accordance with the policy on Determining Salaries for Newly Hired or Promoted Positions (Policy # 40.021).
  2. Special Pay for Extraordinary Accomplishments (Policy # 40.044) may be awarded in a lump sum upon completion of special assignment and/or project. The special assignments and/or projects should be extraordinary in nature, non-recurring, and require significant efforts.

## Q. How is it determined whether a job is exempt or non-exempt?

- A. The term non-exempt refers to provisions of the Fair Labor Standards Act. Non-exempt positions are subject to specific minimum wage, time keeping, and overtime requirements; exempt positions are not subject to these regulations. Exempt positions are defined by criteria describing the nature of the duties, minimum compensation allowable, and the degree of judgment and decision making required. Job titles alone are insufficient measures for determining exempt status.

## Q. How do I get promoted?

- A. The University supports career growth and development for employees by publishing a weekly list of open positions and maintaining a listing on our web page of all positions available. You may apply for any higher graded positions for which you qualify. Likewise, under certain circumstances, you may assume increased responsibility in your current position, which may be formally acknowledged as a promotion through a job audit if there is a change in grade.

## Q. Why is a new employee sometimes paid as much as a current employee?

- A. This occurrence, called salary compression, occurs if inflation and/or changing market conditions outpace your salary increases. The University addresses this problem through equity adjustments.

# Glossary of terms

**Benchmark:** A term frequently used in compensation to refer to a job or group of jobs used to make pay comparisons with comparable jobs outside the organization.

**Compa-ratio:** The ratio of an actual full-time salary to the midpoint of the respective salary grade (e.g., the compa-ratio for midpoint equals 100%)

**Compensable Factor:** Any factor used to establish a job's value.

**Exempt:** A term used to describe jobs or employees who work in an executive, administrative or managerial capacity and are thus not subject to the provisions of the Fair Labor Standards Act with respect to wages and hours.

**Job Analysis:** A systematic procedure for gathering information about each job; it identifies tasks, how tasks are accomplished, the objectives and demands of the job, and the relationship among jobs.

**Job Description:** A summary of the key features of a job and of the credentials required to perform the job. At Brown we refer to this as a Position Content Document or PCD.

**Job Evaluation:** A formal process, the outcome of which determines the relative value of jobs within the organization. The end product of job evaluation is the assignment of jobs to salary grades.

**Job Family:** A group of jobs that have related functional responsibilities and are ranked in a hierarchy, from the least to most complex, with regard to skills, knowledge, and responsibilities.

**Market Pricing:** A process that determines salary ranges by surveying the marketplace in which we compete for employees.

**Maximum:** The ceiling or highest salary paid is also the top of the salary range.

**Midpoint:** Also known as the "market rate," the midpoint is the average rate paid for similar positions in the marketplace. It also represents the salary level of individuals who have extensive experience and proficiency in the job.

**Minimum:** The lowest salary paid is also the bottom of the salary range.

**Non-exempt:** A term used to describe jobs or employees who are subject to the provisions of the Fair Labor Standards Act with respect to minimum wage and overtime.

**Quartile:** A percentile defining the values that break a distribution of numbers into four equal parts. The first quartile is the 25th percentile, the second is the 50th percentile, etc.

**Salary Grade:** One of the levels into which jobs with the same or similar value are grouped for pay purposes. All jobs in a salary grade have the same salary range.

**Salary Increase Guidelines:** An annually published increase schedule that establishes the ranges for merit increases.

**Total Compensation:** The term used to describe all compensation, salary and fringe benefits, paid to an employee.

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