

## Market Adjustment Plan FAQ's

### **New Staff Compensation Strategy**

Improving our ability to attract and retain talented people is a top priority for UC ANR. We need to be more competitive to achieve our goals. We are aware of compensation-related concerns centering on competitive pay practices, and in 2020 we are moving forward with a plan to address staff salaries.

As part of our overall compensation strategy, VP Humiston has approved a four-year Market Adjustment Plan for non-represented staff. The goal of the plan is to ensure salaries of existing staff are competitive with the labor markets in which they work. Using the UC Career Tracks framework, ANR Human Resources will identify employees whose pay is below established targets, and those employees will receive salary increases. This is intended to be a four-year strategy; spreading the increases over four years will allow us to manage the fiscal impact of the program.

The following questions and answers provide details about the market adjustment plan and ANR's staff compensation strategy.

### **MARKET ADJUSTMENT PLAN**

#### **What is a Market Adjustment?**

An employee who significantly lags the internal and external labor markets according to the Career Tracks salary ranges, will receive a salary increase to move toward a more competitive pay goal. This salary increase is called a Market Adjustment.

#### **Why is ANR implementing a Market Adjustments Plan?**

The Market Adjustment Plan is intended to improve our ability to recruit and retain quality employees in areas where current pay levels are below competitive levels. Historically, pay for the non-represented staff has stagnated in some areas. The Career Tracks compensation framework provides a clear picture of how our pay compares to our local labor markets, and allows us to address pay concerns consistently and transparently across the organization.

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### What is the criteria for an adjustment?

- ✓ Career non-represented staff – PSS, MSP (excludes SMG)
- ✓ Goals were set for non-represented employee pay standards based on the Career Tracks Compa-Ratio (difference between actual pay and midpoint of the salary range). These standards were set by comparing years of UC experience to standard pay in the labor market.

Years of UC Experience	0 to 1 year	1 to 3 years	3 to 5 years	5 to 10 years	10 years or more
Placement in Salary Range	Minimum	Just above Minimum	Just below 1 <sup>st</sup> Quartile	1 <sup>st</sup> Quartile	Just below Midpoint
Compa-Ratio	0.67	0.75	0.80	0.85	0.90

- ✓ In February 2020, individual increases not to exceed 3% to limit budgetary impact
- ✓ Cutoff date for review of data/service is October 31 of each review year.
- ✓ Employee performance must be “Meets Expectations” or better
- ✓ Geographic groupings will be addressed only in those locations where the labor markets are out of parity and where making changes to the geo groupings would not negatively impact a neighboring UC campus/location.
- ✓ Funding agnostic.
- ✓ Subject to overall budget availability

### When will employees be notified that they are eligible for an increase?

Employees will be notified through email with a letter describing their eligibility. This information will also be provided to the unit director.

### How can I find out what information was used to determine my eligibility?

Eligibility was determined by looking at each employee's years of UC experience and comparing it against our compensation targets. If an employee is under that target, they are determined to be eligible for the salary adjustment.

## **CAREER TRACKS**

### **What is Career Tracks?**

Career Tracks is the job classification framework used by ANR and other UC locations. Career Tracks aligns jobs at the University to their respective labor market by occupation and supports the development of possible career paths designed to enhance career mobility. Each job title in Career Tracks is assigned a salary range. Salary grade ranges are a proxy for competitive pay levels in the marketplace for your job.

### **Why is matching jobs to market so important?**

University pay programs must be more sensitive to the market because we compete against other employers (both private and public) for the best talent. Therefore, our jobs must be linked to similar jobs in the market and tied to salary ranges based on market pay. Once jobs are defined within salary ranges appropriate to the market, the job and compensation structures are easier to understand and administer.

More information about [Career Tracks](#) at UC Net.

## **GEO GROUPS**

### **How does Career Tracks take into account geographical differences in pay across California?**

Because the cost of labor varies county-by-county, ANR uses geographic groupings (Geo Groups) based on research from the Economic Research Institute. Career Tracks salary grades are higher in counties where the cost of labor is higher.

### **How often is the geographical index reviewed and updated by UCOP? When would the next review occur?**

Competitive pay information including geographic index that we gather from third-party professional salary surveys is generally collected and reviewed every one to two years. We review our salary ranges each year and make updates, as appropriate, to ensure our salary ranges are aligned with labor market pay levels.

### **Why are there different salary ranges for different locations?**

It is normal practice that employers operating in multiple geographic areas have geographic pay differentials in their salary ranges. An employer will establish different salary ranges for varying locations based on differences in pay for each geographic location. An employee in an area that has higher prevailing wage rates for comparable jobs and/or a higher cost of living will usually be paid more than peers elsewhere in the company, all else equal.

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### **What other employers are considered part of our "labor market?"**

We consider all types of employers – private, public and higher education – to be part of our labor market depending on the particular job. Generally, our market is defined by the organizations with whom we compete for employee talent.

### **RECRUITMENT AND WAGE DETERMINATIONS**

#### **How will the market adjustment plan affect future salary decisions?**

Factors that affect pay include the employee's previous related experience, relevant education and performance. At ANR, we also consider the pay of current employees in comparable positions. Over time, the market adjustment plan will improve the competitive position of long-term employees who had been underpaid compared to the market, and will allow us to hire new employees at more competitive rates.

#### **How is the market adjustment plan different from salary equity reviews?**

In the past, individual employees or supervisors would request a salary review if they felt an employee's pay was too low. These cases were reviewed on an ad hoc basis, and decisions were based in part on immediate needs and budget availability. The market adjustment plan is being applied transparently and consistently across UC ANR, regardless of unit or fund source.

#### **Does this mean I cannot request an individual equity adjustment during the year?**

No. Equity adjustments during the year will be reviewed when salary increases cause compression between supervisors and employees and for bona-fide retention requests. The rest of the equity reviews will happen automatically, without a request necessary, during the market adjustment plan cycle.