Introduction...

Objective:
To provide a basic understanding of the core principles employed by compensation professionals and the application of those fundamentals at UCSF.
Compensation Philosophy - Support the mission, vision & values...

- **Mission** - Caring, Healing, Teaching and Discovering
- **Values** - Professionalism, Respect, Integrity, Diversity and Excellence
- **Vision**
  - The best provider of health care
  - The best place to work
  - The best environment for teaching and research

Organizational Climate...

State of California - Budget $
Change in Sacramento...

AGENDA:
• Compensation Basics
• Job Evaluation
• Pay Administration
• HR Compensation Resources
• Incentive Award Program (IAP)
• Total Compensation

Today's Session and Compensation Training Guide
Compensation Basics

Compensation Terminology

• Base Pay
  - Pay for hours worked in a standard pay period

• Ancillary Pay
  - Pay in addition to base pay

• Salary Survey
  - Tool used to collect salary data for a defined market. Third party consultants are generally used to administer surveys and collect data, so no individual organization’s salaries are known which would violate federal anti-trust laws. Salaries and pay practices are reported by job for each organization. The Data is then summarized to insure the confidentiality of the participants. Surveys are typically done annually.

Compensation Terminology (cont’d)

• Merit Pay Increases
  - Increases to base pay driven by performance

• Market Equity Increases
  - Increases to base pay driven by the market value of a job with critical skills being higher than current pay rates

• Internal Equity
  - Increases to an individual’s base pay driven by comparing several factors including knowledge, skill, experience, relevant training and performance to those of their peers
Compensation Terminology (cont'd)

Base Pay Structure:
- The structure of base pay for a given job. Most jobs have a range of pay associated with it including a minimum & maximum
  - Open Range
    - Minimum, midpoint and maximum
    - Typically wider than step structure
  - Range with steps
    - Minimum, maximum and certain points or "steps" in between
    - Typically narrower than open range

TITLE and PAY PLAN
http://www.ucsfhr.ucsf.edu/staffing/tpp/tppsearch.html

Example of Step Range structure:

<table>
<thead>
<tr>
<th>Title Code:</th>
<th>Title: Histology/CCR</th>
<th>Pay: 5</th>
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</table>

Federal Occupation Code: 07.00

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<th>16,000</th>
<th>19,000</th>
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<td>3,200</td>
<td>3,750</td>
<td>4,306</td>
<td>4,861</td>
<td>5,415</td>
<td>5,969</td>
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<table>
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<tr>
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<td>22.78</td>
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<td>38.39</td>
<td>41.51</td>
<td>44.63</td>
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Rand of Low: 53%
Rand of High: 67%
Rand of Market: 50%
Example of Open Range structure:

**ANALYST II**

<table>
<thead>
<tr>
<th>Level</th>
<th>Title</th>
<th>Grade</th>
<th>Overline</th>
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<tbody>
<tr>
<td></td>
<td>2222</td>
<td>3</td>
<td>Non-exempt</td>
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</table>

Fair Labor Standards Act (FLSA) Exemption Status:

A job is either exempt from -- or not exempt from - provisions of the Fair Labor Standards Act (FLSA).

The major pay-related outcomes of the FLSA is that most employers are required to pay overtime to employees in non-exempt jobs.

Questions:
Job Evaluation

- Assignment of a set of duties and responsibilities to an appropriate job family and level within that family
- Process of Classification at UCSF
- When a job is newly created

Submit to Human Resources:
- Cover memo / Email
- Job description
- Organization chart

Job Descriptions

Elements of a Job Description
The components are:
- Job Title
- Organizational Unit
- General Summary
- Essential Duties and Job Functions
- Qualifications (Knowledge, skills and abilities)
- Physical Requirements/Work Environment
When classifying a job, Compensable Factors are very important...

Compensable Factors include:
• responsibility for human, financial, space, facilities and material resources
• number and classification of employees supervised
• authority, independence or free to act vested in the position
• decision making and/or analytical skill required

More Compensable Factors...
• complexity of the program or unit
• depth and importance of knowledge necessary to perform the work
• technical expertise required for the position
• scope, or impact that an individual exercises and varying levels with and across the organization.
Market Pricing

Example of Survey Market Data...

<table>
<thead>
<tr>
<th>Title Code</th>
<th>Title</th>
<th>Tier</th>
<th>Grade</th>
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<th>POC</th>
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<td>CA</td>
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<tr>
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<tr>
<td>9021</td>
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<td>1</td>
<td>EX</td>
<td>99</td>
<td>CA</td>
</tr>
</tbody>
</table>

Job Family

Jobs requiring the work of the same nature but requiring different skills and responsibility levels.

For example: a Programmer Analyst is a Job Family, Programmer Analyst III is a job skill/responsibility level within that family.

Another example...

The Reclassification Process

- Occurs when there is a significant change in the duties assigned to a position
- Focuses on duties and responsibilities assigned to a position, rather than the individual occupying the position
The Reclassification Process (cont’d)

- Reclassifying upward
  - Bargaining unit / Out of bargaining unit
  - Non Represented

- Submit:
  - Cover memo / Email
  - New / Old Job description
  - Organization chart

- Difference between Reclass and Promotion

Classification / Reclassification

Case study 1:
A practice in Ambulatory Services has an Administrative Nurse overseeing the patient registration/scheduling and back office billing in addition to her clinical duties. The unit has 5 clerical FTEs, 3 AA IIs, 2 AA IIIs, and 1 Senior Clerk. The Admin Nurse needs to focus on the clinical responsibilities. Yet, the billing is falling behind, the newest new AA II needs training, and no one has responsibility for the cash drawer. Both AA IIIs are competent in their jobs, yet neither steps forward to assume a lead role.

The Administrative Nurse needs help managing the front and back office so she can focus on the Clinical work. **What should we do here?**

Classification / Reclassification

Case study 1: Answer...

Create a job description for an AA III Supervisor to oversee the administrative functions of the practice.

It is recommended that the job be posted (rather than reclassify the most qualified AA III) since it is a new role in the department, and all of the Administrative Assistants will feel they have an opportunity to apply for the new supervisor job in the practice.
**Classification / Reclassification**

Case study 2:  
A reclassification request is sent to HR to determine if a current Analyst job can be reclassified to an Analyst-IV. Old and new job descriptions were provided.

The current job scope includes responsibility for all the department's billing and coding, supervision of 2 billing Assistants (___) Asst. II, maintaining coding updates and procedures, and under the guidance of the practice manager, tracking the department's budget.

The job reports to the practice manager.

The new job description addresses an increase billing workload and supervision of one new billing Assistant at the (___) Asst. II level.

Should this job be reclassified?

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**Classification / Reclassification**

Case study 2:  
Answer...

Probably not. A reclassification is about different, higher level work, not more work, or, in this case, the increase in billing and addition of one new staff member to supervise.

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**Questions**

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**Pay Administration**

**Salary Setting For New Hires**

Setting Salaries for New Hires

Hiring managers usually consider:

- **The salary range** - old midpoint rule of thumb does not always apply - some pay ranges have a very wide spread.

- **Candidate's Previous Salary** - not always a good factor since it does not take into consideration job parity, our lucrative benefits package, or that candidates might inflate the figures.

- **Budget** - What was put into the budget to compensate for this opening?
Setting Salaries for New Hires

Additional Criteria for Determining a New External Hire's Salary

INTERNAL EQUITY

Consider what your other staff members are earning and compare how does the candidate’s skills, work experiences, and education (only if applicable) compare with your existing staff.

In other words the new hire’s salary should be equitable with his counterparts in the department.

Setting Salaries for New Hires

AFSCME External New Career Hire -

It is all about:

- Per the AFSCME collective bargaining agreement.....
  - we must check and document that the new hire’s proposed salary is within 5% of the lowest paid employee with the same payroll title in the same lay off unit.
  - Except... if the lowest paid employee has documented performance issues.

Salary Setting Guidelines for RNs covered under CNA Labor Contract

- All new hire RNs are required to submit employment & education history online via the HR website: http://hr.ucsfmedicalcenter.org/employeetoolkit/nursing.HTM

- Salary will be confirmed by Human Resources based on the following criteria:
  1. Only experience as an “actively practicing RN” is counted
  2. RN experience is quantified up to the start of the current contract year. (April 30 of current year is cutoff date)
  3. Total months of RN experience are counted and converted to years of RN experience.
  4. RN is mapped to coordinating salary & Step for appropriate job title
  5. RNs with 12.5 years of experience are placed at Step 13 only. Longevity Steps 14 & 15 ---Are not utilized for new hires.
Salary Setting Guidelines for RNs covered under CNA Labor Contract

- CNA...

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<thead>
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<tr>
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<tr>
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<tr>
<td>20</td>
<td>00-19</td>
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Promotions

- Current employee fills an open position.
- Compare the range max of the employee's current title to the range max of the new title.
- If new title has higher max, the movement is a promotion.

<table>
<thead>
<tr>
<th>Salary Setting Guidelines for RNs covered under CNA Labor Contract</th>
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<tbody>
<tr>
<td>Paid Time Off</td>
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<td>Weekly Rate</td>
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<td>Max. Weekly Rate</td>
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Hospital Medical Transcriber

<table>
<thead>
<tr>
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<th>S4</th>
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<th>S7</th>
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<tbody>
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<td>16.50</td>
<td>16.50</td>
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<td>16.50</td>
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Principal Admitting Worker

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<th>Labor Title</th>
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<td>17.72</td>
<td>17.72</td>
<td>17.72</td>
<td>17.72</td>
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</table>
How to calculate the promotional increase

- CUE – 1 step jump
- AFSCME – 1 step jump
- UPTE - approximately 5%
- Non-represented – 0-15%

Calculating the Promotional Increase

- CUE covered employee
- Current Title and Rate: __Assistant II, Step 4.0 - $16.83

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<th>Step</th>
<th>Assistant II</th>
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<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>4.0</td>
<td>$16.83</td>
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</table>

Promotional Increases

- Non-represented positions – 0-15%
- Increases below the range minimum, or above the range maximum – Set rate at range max or min
- Lateral Transfer – typically no increase
Merit Increases

- Rewards behaviors that support the mission of the organization.
- Generates commitment to the attainment of superior performance results
- Empowers employees to take ownership for results

Annual Pay Increase Cycle

Annual Increase Dates By UNIT:

<table>
<thead>
<tr>
<th>UNIT TITLE</th>
<th>UNION</th>
<th>Date of Annual Increase</th>
<th>Start of Annual Increase</th>
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<tbody>
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<td>Clinical &amp; Allied Services (CA)</td>
<td>OFME</td>
<td>October 1</td>
<td>April 1</td>
</tr>
<tr>
<td>Patient Care Technical (PTC)</td>
<td>AFSCME</td>
<td>Negotiations</td>
<td>Pending</td>
</tr>
<tr>
<td>Patient Care Professionals (PTC)</td>
<td>UPTE</td>
<td>July 1</td>
<td>January 1</td>
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<td>Service DFL (SD)</td>
<td>AFSCME</td>
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<td>Pending</td>
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<td>Technical Fuel (TF)</td>
<td>UPTE</td>
<td>October 1</td>
<td>April 1</td>
</tr>
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<td>San Francisco Skilled Crafts (SFC)</td>
<td>SFRA</td>
<td>March 1</td>
<td>September 1</td>
</tr>
<tr>
<td>Non-Represented Employees (NRE)</td>
<td>NRE</td>
<td>October 1</td>
<td>April 1</td>
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Equity Adjustments

A permanent increase to an employee’s pay given to provide an equitable relationship with the pay of employees performing similar work.

- Examining both internal and external comparable factors
Equity Adjustments

Considered Comparable Factors:
- Length of experience
- Specialized knowledge and skills
- Market pressures
- Appropriate salary differentiation based on different levels of performance

When is an equity adjustment appropriate?
- when there is pay compression between supervisors and their staff
- when employees lag market rates
- when determined by an internal equity review that an employee’s rate is lagging their peers

Case Study:
A Hospital Lab Tech-II Supervisor who has been here for 5 years, oversees 10 employees and appears that some are paid higher than he is. Half of these employees are long term employees.
Can we give him an equity increase?
This appears to be a pay compression situation... we would look at the rates those employees he supervises to ensure a reasonable spread between his rate and of the majority of those supervised.
Stipends

Stipends are issued to provide additional compensation when employees are temporarily assigned significant responsibilities that fall outside of the scope of their classification level.

Factors to consider when requesting a stipend...

- Stipends are temporary and should typically not exceed 6 months
- Changes in workload may **NOT** necessarily result in changes in compensation.
  - Additional work assigned to cover short periods of vacation or other leave
  - Acting as backup for short-term special projects or assignments, or increase in volume when the nature/level of work is at the same level.
- A request for a stipend needs to be approved prior to informing your employee – as with all other salary actions that require prior approval.

Questions
Compensation Resources

- UCSF Human Resources Website
  - Guidelines & Forms
- HR contact list

UCSF Human Resources - Website

http://ucsfhr.ucsf.edu

Incentive Award Program (IAP)

- Staff Performance Award Program examples:
  - STAR
  - HR Staff Incentive Awards
- General Rules & Eligibility
Total Compensation

- Base Pay
- Benefits
- Incentive Plan
- Retirement Plan

Areas of Concern in Rewards for Institutions of Higher Education

<table>
<thead>
<tr>
<th>Compensation</th>
<th>Benefits</th>
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<tbody>
<tr>
<td>Strengthening relationship between pay and performance</td>
<td>Socioeconomic control of costs</td>
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<tr>
<td>Intra-firm pay equity</td>
<td>Competitiveness of benefit package</td>
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<tr>
<td>Smaller pay increases budgets</td>
<td>Cost sharing with employees</td>
</tr>
<tr>
<td>Accuracy and timeliness of market pricing data</td>
<td>Defining, implementing, and communicating</td>
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<tr>
<td></td>
<td>balancing work and family/personal concerns</td>
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<table>
<thead>
<tr>
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<th>General Human Resources</th>
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<tbody>
<tr>
<td>Educating employees about retirement planning</td>
<td>Maintaining a competitive total Compensation package</td>
</tr>
<tr>
<td>Keeping up with administrative requirements for retirement and welfare benefits</td>
<td>Supervision and manager training</td>
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<tr>
<td>Providing adequate retirement income for the average worker</td>
<td>Employee morale</td>
</tr>
<tr>
<td></td>
<td>Recruiting and retaining skilled technical employees</td>
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Questions:
Support the mission, vision & values...

• **Mission** – Caring, Healing, Teaching and Discovering
• **Values** – Professionalism, Respect, Integrity, Diversity and Excellence
• **Vision**
  – The best provider of health care
  – The best place to work
  – The best environment for teaching and research