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Fundamental Concepts

Pay System Strategy

An effective pay system is one that is strategically designed and managed to support the organization’s human capital goals for recruiting, retaining, and rewarding employees while controlling cost. Managing compensation systems for an organization is a complex function that requires analysis, planning, and a systematic approach.

Total Rewards

The pay system controls one part of a total rewards strategy. Total rewards include the complete package of salary, benefits, incentives, and all the other tools that employers use to recruit, retain, and reward employees for services performed. Everything that the employee perceives to be of value in the employment relationship is part of a total rewards strategy. A total rewards strategy consists of three primary components.

- Compensation—cash provided by the employer in the form of salary, wages, stipends or bonuses
- Benefits—protection programs that provide security and supplement cash compensation such as health and medical insurance and paid time off
- Working Conditions—organization climate, physical working conditions, personal relationships, and every intrinsic satisfaction that holds personal value to employees
Activity—Reward Components

- **Discussion:** Which reward component has the greatest effect on recruiting? Which plays the biggest role in retention?

Control Functions of Pay Systems

The pay system controls the largest expenditure of total rewards—the salaries and wages paid to employees. An effective pay strategy defines a clear connection between what the employer values in talent and how employees are paid. The employer must also determine how competitive the district’s pay can be, considering the budgetary limitations.

The three main pay strategies are described below:

- **Lag the market.** In this strategy, the district recognizes that its pay is less than the market value for similar jobs at other districts or outside employers. There may be several reasons for intentionally lagging the market.
  - Beginning a multi-year pay study implementation.
  - Budgetary constraints
  - Sufficient applicant pool for some positions

A district with a "lag the market" pay strategy may often have higher turnover, as employees are able to leave for higher pay. They may also attempt to compete in recruiting and retaining employees through non-monetary rewards and incentives.

- **Match the market.** The district pays a competitive rate of pay equal to the market value for comparable positions. This is the most common compensation strategy and ensures the district maintains competitive structures and competitive individual pay.

- **Lead the market.** In this strategy the district pays above market rates for similar positions. A district may pursue this strategy in order to attract the most experienced and qualified employees. Districts that pursue a “lead the market” strategy may often have lower turnover.
Some organizations will use different pay strategies for different job groups. For example, a district may choose to lead the market for teacher pay rates while matching the market for nonexempt staff.

**Pay Equity**

Pay equity relates to the concept of fairness. The three types of pay equity are described below:

- **External pay equity** is a measure of the relationship of an organization’s pay relative to what other employers pay for the same job. It is measured by using salary surveys that report pay levels for common jobs.

- **Internal pay equity** is the relationship of jobs and job incumbents within an organization based on relative value. It is generally assessed by the skill, effort, responsibility, and working conditions of the job.

- **Individual pay equity** is the criteria that guides pay decisions for employees who are newly hired or changing pay grades and determines the relationship in pay rates between individual employees in the same job or in the same pay range. These criteria usually include job experience, specific skills, or specialized credentials. Individual pay equity criteria are based on the employer’s value system and how those values are linked to individual pay.

**Components of a Pay System**

A complete pay system will generally include these basic components:

- **Job family**—a group of jobs involving work of the same nature but at different levels of skill and responsibility. Most districts have multiple pay structures for multiple job families.

- **Pay grades**—a group of jobs that have similar value in terms of skill, effort, responsibility, and working conditions that are placed at the same pay level. Pay grades form the job worth hierarchy in the organization and provide a key building block for pay structures.

- **Pay range**—a range of pay that is built around a target rate to set control limits for a pay grade. The pay range is a key control tool in a competitive pay strategy.

- **Control points**—the minimum, midpoint, and maximum values within a pay range that are used to control the link between pay and job value and the rate of employee advancement through the pay range.
• Policies and procedures—governing rules and processes that guide pay actions and maintenance of the total pay system.

**Basic Tool—Pay Range**

**Control Points**

- **Maximum Rate**
- **Midpoint Rate** *(market value)*
- **Minimum Rate**

**Range Spread**

Controls pay equity

**Pay Grade Level**

*A group of jobs having similar value*
Legal Issues in Pay

Laws that regulate compensation of employees fall into the following categories:

- Overtime
- Non-discrimination
- Educator pay rates

A summary of these laws is provided below. Detailed information is available in the HR Library and The Administrator’s Guide to the Fair Labor Standards Act.

Overtime

The Fair Labor Standards Act is the most comprehensive federal law impacting compensation practices in the United States. It is enforced by the Department of Labor’s Wage and Hour Division. This law defines and regulates the following pay issues:

- Which employees are exempt or not exempt from minimum wage and overtime pay entitlement
  - Exempt employees are those who perform job responsibilities that meet the federal standards for an administrative, professional, executive, computer professional, or highly-compensated employee. Exempt employees are paid for the value of the job performed rather than for the amount of time they work.
  - Nonexempt employees perform more task-oriented production work and are entitled to be paid for each hour worked.
- Compensation of overtime to nonexempt employees for each hour over 40 they work in a workweek at one and one-half the regular rate of pay either by payment or with compensatory time (public employers only)
- Maintenance of weekly time records of all hours by all nonexempt employees

Non-Discrimination Laws

Title VII of the Civil Rights Act of 1964. Prohibits discrimination against any individual with respect to employment because of the individual’s race, color, religion, gender (including pregnancy), or national origin. All employment actions are covered including hiring, pay changes, job reclassifications, promotions, and demotions.
**Age Discrimination in Employment Act (1967).** Prohibits discrimination against individuals based on age. This covers all employment actions including hiring, pay changes, job reclassifications, promotions, and demotions for those over age 40.

**Americans with Disabilities Act (1990).** Prohibits discrimination against any individual based on a disability or a perceived disability and requires employers to provide reasonable accommodation that would permit an applicant or employee to participate in the application process, perform the essential functions of the job, or enjoy the benefits and privileges of employment equal to those enjoyed by employees without disabilities.

**Educator Pay Rates**

Texas Education Code (TEC) § 21.401 requires all contracts between educators and school districts be for a minimum of 10 months of service. Statute also stipulates a minimum of 187 days of service for an educator on a 10-month contract.

**Types of Pay Systems**

**Single-Rate Pay Systems.** The standard of pay equity is equal pay for equal work in a single-rate pay system. All employees who are qualified and performing the same work are paid at the same rate without regard to years of service, skill, or job experience. Some districts use this system for select jobs only, such as Crossing Guard or Tutor. This system is not recommended for most positions.

**Salary Step Schedules (single factor).** Traditional salary step schedules pay all employees in a uniform manner using a single criteria, usually experience. The state minimum salary schedule for teachers is an example of a salary step schedule based on years of service in education.
The state minimum salary schedule has a long history that can be found in the Appendix.
Pay Range Structures (multi-factor). Pay range structures allow multiple factors to be considered in salary decisions. A pay range system allows more individual pay flexibility within control limits. Policies and procedures define the value factors and degree of flexibility afforded in determining the pay for individuals.

Pay range structures are the most common form of compensation plan design in both public and private sector employers. Below is a sample from the State of Texas:

State of Texas Salary Schedule B  
(Effective 9-1-2015 to 8-31-2017)

<table>
<thead>
<tr>
<th>Salary Group</th>
<th>Minimum</th>
<th>Midpoint</th>
<th>Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>B10</td>
<td>$24,910</td>
<td>$30,741</td>
<td>$36,571</td>
</tr>
<tr>
<td>B11</td>
<td>$26,332</td>
<td>$33,844</td>
<td>$41,355</td>
</tr>
<tr>
<td>B12</td>
<td>$27,840</td>
<td>$35,819</td>
<td>$43,798</td>
</tr>
<tr>
<td>B13</td>
<td>$29,439</td>
<td>$37,914</td>
<td>$46,388</td>
</tr>
<tr>
<td>B14</td>
<td>$31,144</td>
<td>$40,139</td>
<td>$49,134</td>
</tr>
<tr>
<td>B15</td>
<td>$32,976</td>
<td>$42,511</td>
<td>$52,045</td>
</tr>
<tr>
<td>B16</td>
<td>$34,918</td>
<td>$45,024</td>
<td>$55,130</td>
</tr>
<tr>
<td>B17</td>
<td>$36,976</td>
<td>$47,688</td>
<td>$58,399</td>
</tr>
<tr>
<td>B18</td>
<td>$39,521</td>
<td>$51,985</td>
<td>$64,449</td>
</tr>
<tr>
<td>B19</td>
<td>$42,244</td>
<td>$55,602</td>
<td>$68,960</td>
</tr>
</tbody>
</table>

Activity—Choosing Pay Systems

- **Discussion:** Which school district jobs would be best suited to each type of pay system and why?
Measuring Job Value

Job value is measured by conducting both internal and external job evaluation. Internal assessment is the process of comparing jobs within the organization to each other based on compensable factors. External assessment of job value compares the amount paid for benchmark jobs to what other employers pay for the same job.

Internal Assessment—Job Analysis and Classification

In order to develop a pay system, jobs must be analyzed, grouped, and classified. This organization of jobs becomes the foundation for creating and maintaining internal equity. The basic steps in analyzing and classifying jobs are:

- Job documentation
- Job evaluation and analysis
- Job classification

Job Documentation

Job documentation can be obtained using several methods. Incumbents and managers are a good source for describing job roles and responsibilities because they understand the work itself. However, job information can also be collected using some or all of the following techniques:

- Job descriptions
- Job questionnaires
- Incumbent and/or supervisor interviews
- Direct observation
- Employee logs
Activity—Job Documentation Techniques

Discussion: Which documentation technique(s) would be most useful when evaluating the types of jobs listed below?

- Administrators ____________________________
- Auxiliary _________________________________
- Clerical _________________________________
- Information Technology____________________
- Professionals _____________________________

Job Families

Once jobs are assessed, they are generally sorted into job families. A job family is a group of jobs of the same nature at varying levels of responsibility and skill requirements. Grouping jobs into job families facilitates pay administration and highlights career paths.

Job families are identified by using common factors, including competitive markets, career paths, and FLSA exemption status. The number of job families needed depends on the number of jobs, common career paths, and the scope of work that is performed. Job families that are common to most school districts include the following:

- Teacher
  - Classroom Teacher
  - Nurse (RN)
  - Librarian

- Administrative / Professional
  - Principal
  - Director
  - Assistant Superintendent
• Clerical / Paraprofessional
  • Classroom Aide
  • Administrative Assistant
  • Payroll Specialist
• Auxiliary
  • Custodian
  • Bus Driver
  • Cafeteria Manager

Larger school districts may have more job families than those listed above. Examples include the following:
• Information Technology
  • Computer Technician
  • Telecommunications Specialist
  • Network Administrator
  • Chief Information Technology Officer
• Administrative—Business & Operations
  • Accountant
  • Director of Transportation
  • Chief Financial Officer
• Public Safety
  • Security Guard
  • Police Officer
  • Chief of Police
• Instructional Support
  • Special Education Aide
  • Licensed Vocational Nurse
  • Certified Occupational Therapy Assistant

**Job Evaluation and Analysis**

Job evaluation is a systematic process that creates a structure or hierarchy of jobs within an organization. It establishes the relative value of the jobs in the organization when compared to each other. This process results in a job worth hierarchy based on job content.
Job evaluation is most effective when job descriptions are clear and well written, job evaluators receive training, and job levels are clearly defined.

Jobs are evaluated based on compensable factors such as skill requirements, effort, responsibility, and working conditions. Then they are classified and grouped based on the overall value of the position. Typically, the greater the level of compensable factors present in a job, the higher the pay grade.

Job analysis is a formal study of the duties and responsibilities that make up a job. This process collects important and relevant information about the nature and level of the work performed and the specifications required for an incumbent to perform the job at a competent level. It is not a performance evaluation or personal assessment of the incumbent. The performance, experience, or personal credentials of the incumbent are not relevant when classifying jobs into a pay hierarchy. Job classification is based solely on job content of the position.

The job worth hierarchy is based on an assessment of the duties and responsibilities using compensable factors. A compensable factor is any factor used to create the hierarchy. Compensable factors provide a basis for comparing job content. The following table contains the most common compensable factors used in pay classification. These criteria were defined in the Equal Pay Act of 1963 as criteria for determining if jobs are substantially equal.
<table>
<thead>
<tr>
<th>Compensable Factors</th>
<th>Description</th>
<th>Measures</th>
</tr>
</thead>
</table>
| **Skill**           | • Education  
                    • Experience  
                    • Expertise   | • Minimum level of education required  
                    • Type and amount of work experience  
                    • Specialized expertise or certification |
| **Effort**          | • Level of decision-making  
                    • Job complexity  
                    • Communication | • The amount of latitude is given to exercise judgment and make decisions  
                    • Nature, variety, and relation of tasks, difficulty  
                    • Level and nature of regular business contact with district personnel, other agencies and the public |
| **Responsibility**  | • Impact on organization  
                    • Financial  
                    • Evaluation/employment  
                    • Supervision | • Level of impact that performance has on district operations  
                    • Responsibility for the assets or finances  
                    • Directing/evaluating other employee’s work  
                    • Number of employees supervised |
| **Working Conditions** | • Safety hazards  
                      • Physical stress conditions | • Extent of heavy lifting, health and hygiene or exposure to uncontrolled hazardous environments |

**Exercise—Identifying Compensable Factors**

**Directions:** Place the letter of the appropriate compensable factor next to the compensable factor definition.

- S—Skill
- E—Effort
- R—Responsibility
- W—Working conditions
Associate’s degree, post-secondary, technical education or certification/licensure required. Includes college credit hours, technical/business school hours or other equivalent college hours.

Requires ability to perform basic, routine office activities including data entry, posting to accounts and ordering supplies. May require basic technical expertise. In an instructional setting, requires previous related experience in working with special needs children. In the trades, may work with Journey level worker, deferring complex or difficult jobs to more experienced or licensed worker when repair requires skill not yet attained or legally requiring journey.

Job duties are planned, predictable, and routine. Established practices and procedures exist. Decisions, if any, are limited by existing precedents and guidance can be readily obtained. Performs minimal analysis and use of basic equipment.

Contact is made with others beyond immediate associates and co-workers and may include the public. Work is characterized by the collection or clarification of facts with little discretion allowed for personal interpretation.

Monitor multiple budgets, fiscal resources, district inventory, or equipment for an entire campus or department. May perform general basic accounting functions and order departmental supplies, materials, or equipment. Supervisors/others have management oversight and responsibility.

Provides training and program guidance. Responsible for coaching, technical assistance, and monitoring workflow and quality. May serve as one of several appraisers or participates in performance appraisal process. Does not select or discipline employees.

Frequent exposure to one or more unpleasant and/or hazardous conditions. A high risk for physical harm or injury is an inherent characteristic of the work setting which includes working at heights, extreme weather conditions, high voltage, or combustible chemicals. Special safety precautions including the wearing of protective clothing or equipment is required.
Job Evaluation

There are several methods commonly used for job evaluation. Some methods are purely quantitative and others take a more comprehensive approach. The most common methods of job evaluation are noted in the following table along with the advantages and disadvantages of each approach.

<table>
<thead>
<tr>
<th>Job Evaluation Method</th>
<th>Advantages</th>
<th>Disadvantages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Point-Factor Method:</td>
<td>• Easily understood</td>
<td>• Time consuming to set up and administer</td>
</tr>
<tr>
<td>Compensable factors</td>
<td>• Quantitative/“scientific”</td>
<td>• Criteria, and weighting of criteria, may not be</td>
</tr>
<tr>
<td>are numerically</td>
<td>• Perceived as valid by users and employees</td>
<td>• accurate</td>
</tr>
<tr>
<td>weighted. Each job</td>
<td>• More legally defensible</td>
<td>• Job evaluator inconsistency</td>
</tr>
<tr>
<td>is measured against</td>
<td></td>
<td></td>
</tr>
<tr>
<td>each compensable</td>
<td></td>
<td></td>
</tr>
<tr>
<td>factor to develop a</td>
<td></td>
<td></td>
</tr>
<tr>
<td>total score. Jobs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>are arranged in the</td>
<td></td>
<td></td>
</tr>
<tr>
<td>hierarchy according</td>
<td></td>
<td></td>
</tr>
<tr>
<td>to total point score.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Easier to setup and administer</td>
<td>• Requires experienced/knowledgeable evaluators</td>
</tr>
<tr>
<td>Whole Job Ranking:</td>
<td>• Allows consideration of all aspects of the job</td>
<td>• May be perceived as subjective</td>
</tr>
<tr>
<td>Jobs are sorted into</td>
<td></td>
<td>• Not as legally defensible</td>
</tr>
<tr>
<td>a rank order based on</td>
<td></td>
<td></td>
</tr>
<tr>
<td>a holistic</td>
<td></td>
<td></td>
</tr>
<tr>
<td>consideration of</td>
<td></td>
<td></td>
</tr>
<tr>
<td>specified job factors</td>
<td></td>
<td></td>
</tr>
<tr>
<td>and general</td>
<td></td>
<td></td>
</tr>
<tr>
<td>comparisons between</td>
<td></td>
<td></td>
</tr>
<tr>
<td>jobs.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Market Pricing: Jobs</td>
<td>• Simple to administer</td>
<td>• Not all jobs have a market benchmark match</td>
</tr>
<tr>
<td>are placed in a</td>
<td>• Easy to explain</td>
<td>• May create morale problems</td>
</tr>
<tr>
<td>hierarchy based on</td>
<td>• Requires less training</td>
<td>• Not based on job content</td>
</tr>
<tr>
<td>the “going” rate in</td>
<td>• Responsive to job market</td>
<td></td>
</tr>
<tr>
<td>the competitive</td>
<td></td>
<td></td>
</tr>
<tr>
<td>market.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Pay Grades

The final product resulting from a comprehensive job evaluation project is the development of a job worth hierarchy based on the compensable factors.

Job worth hierarchies are created by grouping jobs into pay grades. A pay grade is a group of jobs that have similar worth as determined by the job evaluation process. Jobs in a pay grade are similar in the degree of compensable factors present. They are not necessarily equal in all aspects.

Job evaluation and the development of a job worth hierarchy is a building block of any pay system. Jobs must be defined, and evaluated to be classified accurately in the pay system. It is important to remember the following about job evaluation:

- It is more art than science.
- Internal equity is not the same as external equity.
- Incumbent experience and personal qualifications do not determine the pay grade; likewise a job's pay grade assignment does not determine the value of the incumbent in the job.
- Incumbent work performance does not determine the job pay grade.
### Activity—Building Pay Grades

- **Small Group Activity:** Using your knowledge of the following school district jobs, sort the titles into six pay grades in the table provided below. Consider the skill, effort, responsibility, and working conditions of the jobs.

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Speech-Language Pathology Assistant</td>
<td>Director—Athletics</td>
<td></td>
</tr>
<tr>
<td>Network Administrator</td>
<td>Director—Facilities &amp; Ops</td>
<td></td>
</tr>
<tr>
<td>Asst. Business Manager</td>
<td>Director—Special Ed</td>
<td></td>
</tr>
<tr>
<td>Counselor</td>
<td>Director—Career &amp; Tech</td>
<td></td>
</tr>
<tr>
<td>Diagnostician</td>
<td>Executive Director—HR</td>
<td>Principal—Elementary</td>
</tr>
<tr>
<td>Speech-Language Pathologist</td>
<td>Principal—Middle School</td>
<td></td>
</tr>
<tr>
<td>Asst. Principal—Elementary</td>
<td>Principal—High School</td>
<td></td>
</tr>
<tr>
<td>Asst. Principal—Middle School</td>
<td>Asst. Supt—Finance &amp; Admin.</td>
<td></td>
</tr>
<tr>
<td>Asst. Principal—High School</td>
<td>Asst. Supt—Curriculum</td>
<td></td>
</tr>
<tr>
<td>Curriculum Coordinator</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Instructional Tech Coordinator</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Pay Structure

<table>
<thead>
<tr>
<th>Pay Grade 1</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>Pay Grade 2</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Pay Grade 3</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Pay Grade 4</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Pay Grade 5</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Pay Grade 6</td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>
**Discussion:** Which job(s) did you rank highest? Which did you rank lowest? Why? Which jobs were the most difficult to classify?

---

**Common Employee Question**

*How was my pay grade determined?*

Jobs are assigned to pay grades based on the types of duties assigned, skill requirements, responsibility, working conditions, and job market prices.

Changes in your personal education level, experience, credentials, or performance do not justify job reclassification.

---

**External Assessment—Market Data**

The second component of evaluating job worth is the external assessment or market review. This process evaluates pay to determine if the district is paying salaries and wages that are competitive with other employers. It is accomplished by gathering market data to see what other employers pay for similar jobs.

Market data is most commonly collected through salary surveys. Salary surveys typically report average and/or median pay and other data such as the minimum, maximum, and salary quartiles for common jobs.

Market data is a valuable tool that can be used in the following ways.

- To determine how the district pays for benchmark positions compared to other organizations.
- To develop competitive pay ranges. Pay range control points are set based on market values for the jobs within the grade. This establishes the relationship between the pay grade structure and the market rate for benchmark jobs.
- To classify market-sensitive jobs in the pay structure. Some jobs are more sensitive to market pressures, such as those in technology or healthcare. They need to be classified in pay grades that match market value. This pay grade may or may not match internal job assessment. Salary and wage movement for such jobs should be monitored from year to year to allow a quick response to market changes.
Data Limitations

The most significant limitation in conducting market reviews is that market data are not available for every job. Data for single incumbent jobs or jobs that require skills unique to your organization may not exist. Also, it is unlikely to find market data for “hybrid” jobs in which one incumbent is performing the work of two very distinct jobs.

A second limitation is that market survey data do not reflect the specific qualifications, including the experience, of each incumbent.

Using Market Data

Step 1—Identify your competitive job market(s). The first step in obtaining market data is to decide which districts and employers to include in the analysis. School districts typically select a job market for comparison based on a variety of factors. The list should include districts that compete for the same qualified applicants.

The district’s competitive job market may not be the same for every job. Consider the following factors:

- Geographic area
  - Organizations close to you
  - Organizations close to where your employees live
  - Comparable community types (rural, urban, suburban, fast-growth districts, etc.)

- Employer type
  - Public sector (City, County, University, State)
  - Private sector
  - Non-profit/not-for-profit

- Organization size
  - Similarity in enrollment size
  - Similarity of programs
  - Similarity of facilities
- Competitive hiring group
  - Common applicant pool
  - Organizations to which you lose employees
  - Organizations from which you’ve hired employees

**Step 2—Select market data sources.** The second step in establishing a market pay strategy is to determine appropriate sources of market data. There are several options available that may provide valid data.

- TASB DataCentral
  - Superintendent Survey
  - District Personnel Survey
  - Extra-Duty Stipend Survey
- Third party salary surveys
  - Check with local Society for Human Resource Management (www.shrm.org) or WorldatWork (www.worldatwork.org) affiliates for market data sources supported by local chapters.
  - Local or state chambers of commerce
  - U.S. Department of Labor area wage surveys
  - Texas Workforce Commission: www.texaswages.com
  - Professional occupation associations
- Other sources
  - Networking with surrounding school districts
  - Telephone surveys conducted by HR staff

There are other sources of market data available, especially on the Internet. They often provide data that do not represent the district’s competitive market, cannot be verified, or are out of date. Use caution if presented with salary and wage data from the following sources:

- Websites that report salaries for jobs throughout the country where there is no way to identify survey participants, the effective date of the data, or other important information about the data source.
- Employees or supervisors who conduct their own salary surveys. They may select districts or employers that are not included in the district’s comparable market group.
- Newspaper ads that may include only starting salaries or use qualifying words such as “pays up to $XX per hour.”
Surveys with “self-reported” salary information.

**Step 3—Identify benchmark jobs.** A benchmark job is a position that can be easily matched to other organizations for pay comparison. Benchmark jobs have similar skills and responsibilities across organizations. Market prices for benchmark jobs become the anchor points for setting pay ranges.

Reliable benchmark jobs include multiple incumbent positions and jobs that are common between school districts. The following are examples of reliable benchmark jobs:

- Custodian
- Bus Driver
- Groundskeeper
- Electrician
- Classroom Teacher Aide
- Superintendent’s Secretary
- High School Counselor
- Elementary Principal
- Director of Special Education

---

**Activity—Identifying Benchmark Jobs**

**Directions:** Review the list of jobs below. Circle the best benchmark jobs in the pay structure.

**Pay Grade 1**
Accountant  
Community Education Coordinator  
PEIMS Specialist/Consultant

**Pay Grade 2**
Counselor, Elementary  
Counselor, High School  
Project Coordinator  
Speech-Language Pathologist  
Transportation Supervisor
Pay Grade 3
Diagnostician
Director, College Readiness
Director, Parent and Community Relations
Licensed Specialist School Psychology (LSSP)
Network Administrator

Pay Grade 4
Assistant Principal, High School
Assistant Principal, Junior High/Middle School
Coordinator, Special Education
Director, Management Information Systems
Intervention Coordinator/Specialist
Technology Specialist

Pay Grade 5
Director, Child Nutrition and Transportation
Director, Human Resources
Principal, Alternative School
Principal, Elementary School
Principal, Junior High/Middle School
Strategic Planner

Pay Grade 6
Director, Athletics
Director, Maintenance
Principal, High School
School Improvement Specialist

Pay Grade 7
Assistant Superintendent, Business and Finance
Assistant Superintendent, Curriculum and Instruction

---

**Step 4—Match salary survey jobs to district jobs.** Once benchmark jobs are identified, review job descriptions and match them to survey position descriptions. Ensure that the qualifications and duties are comparable. Do not match jobs based on job titles alone, particularly for management positions. For example, your district may use the title “executive director” where a survey position description uses the title “director,” but the duties and responsibilities of the position are at the same level of responsibility.

“**If in doubt, throw it out.**” Data integrity is critical for ensuring the district’s pay system is affordable, appropriate, and defensible. It is important to check data sources to ensure the sample size is adequate.
to reflect a valid measure of market pay trends. Quality data sources will report the number of incumbents and the number of organizations who reported a match. Most third-party surveys will not report data if fewer than five organizations reported the job.

**Step 5—Review and compare salary survey data to district pay.**
Salary surveys present data in various ways and often publish more than one statistical measure. The most common data measures found in salary surveys are:

- **Median**—The middle value of an ordered data set
- **Average**—The arithmetic mean of a data set
- **Weighted Average**—An average that is weighted by the number of employees an employer has in each job title
- **Quartiles**—The data points below which 25, 50, 75, or 100 percent of the data fall. Quartiles are derived by dividing an ordered data set into four groups with an equal number of data points in each group.

Sample from TASB DataCentral

<table>
<thead>
<tr>
<th>Report Summary</th>
<th>Group</th>
<th>My District</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Districts:</td>
<td>7</td>
<td></td>
</tr>
<tr>
<td>Median Pay:</td>
<td>$15.69</td>
<td>$15.43</td>
</tr>
<tr>
<td>Median Pay Range Minimum:</td>
<td>$12.79</td>
<td>$12.35</td>
</tr>
<tr>
<td>Median Duty Days:</td>
<td>262</td>
<td>272</td>
</tr>
<tr>
<td>District Pay Compared to</td>
<td></td>
<td>96.5%</td>
</tr>
</tbody>
</table>

**Registrar - High School**
Stores, updates, and produces student academic records for a high school. Uses computerized and physical filing systems to safeguard and process student academic information. Also reviews transcripts from other districts and processes paperwork required for student graduation. Does not require a bachelor's degree or teaching certification.

<table>
<thead>
<tr>
<th>District</th>
<th>ESC</th>
<th>Enrollment</th>
<th>Staff Count</th>
<th>Duty Days</th>
<th>Duty Hours</th>
<th>Pay Range Minimum</th>
<th>Pay Range Maximum</th>
<th>Average Pay</th>
</tr>
</thead>
<tbody>
<tr>
<td>MY DISTRICT</td>
<td>09</td>
<td>1,200</td>
<td>1</td>
<td>212.00</td>
<td>40.00</td>
<td>$12.35</td>
<td>$19.05</td>
<td>$15.43</td>
</tr>
<tr>
<td>DISTRICT 1</td>
<td>09</td>
<td>1,076</td>
<td>1</td>
<td>187.00</td>
<td>40.00</td>
<td>$12.85</td>
<td>$19.95</td>
<td>$14.71</td>
</tr>
<tr>
<td>DISTRICT 2</td>
<td>09</td>
<td>3,069</td>
<td>1</td>
<td>202.00</td>
<td>40.00</td>
<td>$10.41</td>
<td>$18.19</td>
<td>$16.29</td>
</tr>
<tr>
<td>DISTRICT 3</td>
<td>09</td>
<td>1,420</td>
<td>1</td>
<td>215.00</td>
<td>40.00</td>
<td>$16.99</td>
<td>$18.75</td>
<td>$17.69</td>
</tr>
<tr>
<td>DISTRICT 4</td>
<td>09</td>
<td>3,385</td>
<td>1</td>
<td>197.00</td>
<td>40.00</td>
<td>$12.79</td>
<td>$18.02</td>
<td>$15.79</td>
</tr>
<tr>
<td>DISTRICT 5</td>
<td>09</td>
<td>2,334</td>
<td>1</td>
<td>226.00</td>
<td>40.00</td>
<td>$13.50</td>
<td>$20.25</td>
<td>$14.63</td>
</tr>
<tr>
<td>DISTRICT 6</td>
<td>09</td>
<td>2,127</td>
<td>1</td>
<td>213.00</td>
<td>40.00</td>
<td>$10.10</td>
<td>$19.64</td>
<td>$14.39</td>
</tr>
<tr>
<td>DISTRICT 7</td>
<td>09</td>
<td>1,082</td>
<td>1</td>
<td>197.00</td>
<td>40.00</td>
<td>$11.02</td>
<td>$18.78</td>
<td>$15.39</td>
</tr>
</tbody>
</table>

The next step is to compare district pay levels to market pay levels. Make the comparison by dividing the district’s pay rate by the average market rate for each benchmark job. If the comparison is lower than 100 percent, pay is below market. If the comparison is greater than 100 percent, pay is above market. This comparison is referred to as a “market compa-ratio.”
Example:

<table>
<thead>
<tr>
<th>District Rate</th>
<th>Market</th>
<th>Compa-ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Teacher Aide</td>
<td>$11.25</td>
<td>$12.50</td>
</tr>
</tbody>
</table>

\[
(\frac{11.25}{12.50} \times 100 = 90\%
\]

Understanding Market Data

Step 6—Use market data appropriately

Market data is an essential tool for making decisions about pay. However, it is important to not react to data comparisons without questioning what it means. Pay rates that are high or low when compared to the market may be appropriate depending on the following factors:

- Experience level of current incumbents
- Specialized skill or expertise requirements
- Market volatility of the position (e.g., shortage-area positions)
- Number of people in the job. Significant variations in market comparison may be impacted by differences in individual skills, credentials, and experience in single-incumbent positions.

When analyzing market comparisons, always review the following:

- Market comparison of positions with many incumbents
- Number of positions that are more than 10 percent above or below market
- Market comparison for different types of positions
  - Campus-based vs. central office
  - Academic administration vs. business management

---

**Activity—Using Market Data**

You are the HR Director for Sample ISD with 8,000 students. Your district is located adjacent to a large metropolitan area. Turnover is increasing and the board has asked you to conduct a study on salaries for several positions.

1. Compare each benchmark job to the market survey data on the following pages.
2. Review the data to ensure the reported average is appropriate to use. Recalculate the market average, if necessary.
3. Enter the market rate by each position.
4. Calculate the market compa-ratio for each position.

<table>
<thead>
<tr>
<th>Benchmark Job</th>
<th>Sample ISD annual salary/ hourly rate</th>
<th>Market annual salary/ hourly rate</th>
<th>Market Compa-ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Director of Special Education</td>
<td>$105,350</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Classroom Teacher Aide</td>
<td>$10.75</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Electrician</td>
<td>$15.75</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Custodian</td>
<td>$13.75</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

5. What conclusions would you draw?
6. Did you eliminate any data points?
### Electrician

Spends more than 50 percent of work time doing electrical work and has primary responsibility for related tasks. Installs, maintains, or repairs electrical equipment and systems. Locates, diagnoses, and repairs malfunctioning electrical systems or equipment. Maintains journey-level electrician licensure.

<table>
<thead>
<tr>
<th>District</th>
<th>Enrollment</th>
<th>Staff Count</th>
<th>Duty Days</th>
<th>Duty Hours</th>
<th>Pay Range Minimum</th>
<th>Pay Range Maximum</th>
<th>Average Pay</th>
</tr>
</thead>
<tbody>
<tr>
<td>District A</td>
<td>4,500</td>
<td>16</td>
<td>261.00</td>
<td>40.00</td>
<td>$15.38</td>
<td>$22.55</td>
<td>$16.75</td>
</tr>
<tr>
<td>District B</td>
<td>60,000</td>
<td>90</td>
<td>246.00</td>
<td>40.00</td>
<td>$17.10</td>
<td>$25.64</td>
<td>$24.33</td>
</tr>
<tr>
<td>District C</td>
<td>22,000</td>
<td>39</td>
<td>240.00</td>
<td>40.00</td>
<td>$17.34</td>
<td>$24.96</td>
<td>$22.60</td>
</tr>
<tr>
<td>District D</td>
<td>9,500</td>
<td>29</td>
<td>261.00</td>
<td>40.00</td>
<td>$17.63</td>
<td>$24.60</td>
<td>$23.10</td>
</tr>
<tr>
<td>District E</td>
<td>7,800</td>
<td>19</td>
<td>261.00</td>
<td>40.00</td>
<td>$17.77</td>
<td>$32.70</td>
<td>$24.05</td>
</tr>
<tr>
<td>District F</td>
<td>14,000</td>
<td>39</td>
<td>260.00</td>
<td>40.00</td>
<td>$21.77</td>
<td>$32.70</td>
<td>$24.05</td>
</tr>
</tbody>
</table>

**Market Average** $21.75

---

### Classroom Teacher Aide

Provides instructional assistance to students under the direct supervision of a certified teacher. Assists the teacher in the preparation and management of classroom activities.

<table>
<thead>
<tr>
<th>District</th>
<th>Enrollment</th>
<th>Staff Count</th>
<th>Duty Days</th>
<th>Duty Hours</th>
<th>Pay Range Minimum</th>
<th>Pay Range Maximum</th>
<th>Average Pay</th>
</tr>
</thead>
<tbody>
<tr>
<td>District A</td>
<td>4,500</td>
<td>10</td>
<td>187.00</td>
<td>40.00</td>
<td>$9.00</td>
<td>$18.90</td>
<td>$11.31</td>
</tr>
<tr>
<td>District B</td>
<td>60,000</td>
<td>504</td>
<td>183.00</td>
<td>37.00</td>
<td>$11.00</td>
<td>$16.43</td>
<td>$12.27</td>
</tr>
<tr>
<td>District C</td>
<td>22,000</td>
<td>145</td>
<td>187.00</td>
<td>40.00</td>
<td>$10.41</td>
<td>$16.55</td>
<td>$12.17</td>
</tr>
<tr>
<td>District D</td>
<td>9,500</td>
<td>60</td>
<td>187.00</td>
<td>37.50</td>
<td>$10.54</td>
<td></td>
<td></td>
</tr>
<tr>
<td>District E</td>
<td>7,800</td>
<td>8</td>
<td>183.00</td>
<td>37.50</td>
<td>$9.98</td>
<td>$13.49</td>
<td>$11.47</td>
</tr>
<tr>
<td>District F</td>
<td>14,000</td>
<td>51</td>
<td>187.00</td>
<td>40.00</td>
<td>$10.50</td>
<td>$14.50</td>
<td>$10.73</td>
</tr>
</tbody>
</table>

**Market Average** $11.42

---

### Director of Special Education

Directs and administers the district’s special education program to ensure the delivery of needed services for special needs students. Coordinates delivery of special education program components to identified students. Oversees staff engaged in the coordination and delivery of special education services. May be called coordinator, executive director, or other job title.

<table>
<thead>
<tr>
<th>District</th>
<th>Enrollment</th>
<th>Staff Count</th>
<th>Duty Days</th>
<th>Duty Hours</th>
<th>Pay Range Minimum</th>
<th>Pay Range Maximum</th>
<th>Average Pay</th>
</tr>
</thead>
<tbody>
<tr>
<td>District A</td>
<td>4,500</td>
<td>1</td>
<td>240.00</td>
<td></td>
<td>$99,199</td>
<td></td>
<td></td>
</tr>
<tr>
<td>District B</td>
<td>60,000</td>
<td>1</td>
<td>243.00</td>
<td></td>
<td>$80,676</td>
<td>$108,864</td>
<td>$106,413</td>
</tr>
<tr>
<td>District C</td>
<td>22,000</td>
<td>1</td>
<td>236.00</td>
<td></td>
<td>$83,992</td>
<td>$125,986</td>
<td>$117,960</td>
</tr>
<tr>
<td>District D</td>
<td>9,500</td>
<td>1</td>
<td>226.00</td>
<td></td>
<td>$76,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>District E</td>
<td>7,800</td>
<td>1</td>
<td>226.00</td>
<td></td>
<td>$88,655</td>
<td>$127,577</td>
<td>$108,116</td>
</tr>
<tr>
<td>District F</td>
<td>14,000</td>
<td>1</td>
<td>235.00</td>
<td></td>
<td>$77,989</td>
<td>$108,810</td>
<td>$93,591</td>
</tr>
</tbody>
</table>

**Market Average** $100,213
**Custodian**  
Cleans a school or district building. Does not supervise other custodians.

<table>
<thead>
<tr>
<th>District</th>
<th>Enrollment</th>
<th>Staff Count</th>
<th>Duty Days</th>
<th>Duty Hours</th>
<th>Pay Range Minimum</th>
<th>Pay Range Maximum</th>
<th>Average Pay</th>
</tr>
</thead>
<tbody>
<tr>
<td>District A</td>
<td>4,500</td>
<td>137</td>
<td>261.00</td>
<td>40.00</td>
<td>$8.93</td>
<td>$12.73</td>
<td>$10.63</td>
</tr>
<tr>
<td>District B</td>
<td>60,000</td>
<td>227</td>
<td>248.00</td>
<td>40.00</td>
<td>$10.23</td>
<td>$15.35</td>
<td>$11.31</td>
</tr>
<tr>
<td>District C</td>
<td>22,000</td>
<td>89</td>
<td>240.00</td>
<td>40.00</td>
<td></td>
<td></td>
<td>$9.21</td>
</tr>
<tr>
<td>District D</td>
<td>9,500</td>
<td>36</td>
<td>260.00</td>
<td>40.00</td>
<td>$8.88</td>
<td>$12.03</td>
<td>$10.22</td>
</tr>
<tr>
<td>District E</td>
<td>7,800</td>
<td>88</td>
<td>261.00</td>
<td>40.00</td>
<td>$8.96</td>
<td>$12.64</td>
<td>$9.75</td>
</tr>
<tr>
<td>District F</td>
<td>14,000</td>
<td>101</td>
<td>261.00</td>
<td>40.00</td>
<td>$9.46</td>
<td>$12.80</td>
<td>$10.85</td>
</tr>
<tr>
<td><strong>Market Average</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$10.33</td>
</tr>
</tbody>
</table>
Pay Structure Fundamentals

Pay Structures

A pay structure is a series of pay ranges that encompass a job family or all jobs within an organization. Pay structures are a critical tool for controlling internal and external pay equity. They define the link between pay and job value. Important design features of pay structures include the following:

- Alignment of pay ranges with job market values
- Number of pay levels for the job group
- Differentials between pay levels
- Width of each pay range

These features are important because, when pay structures are designed properly, they help organizations manage human resources more effectively. In contrast, poorly designed pay structures, or structures poorly suited to an organization, can have negative effects.

A well-designed pay structure can enhance an organization’s ability to achieve the following management objectives:

- Market-competitive pay levels
  - Pay structures control how close employees can be paid to the average market value for the position.

- Manage pay equity between job incumbents
  - Pay ranges limit the size of pay variances that can exist between incumbents in the same position at the same pay grade.

- Provide meaningful career progression
  - Job worth hierarchies based on compensable factors and market values create the opportunity for meaningful career progression within an organization.

- Attract high-quality new hires
  - Competitive entry rates (range minimums) combined with appropriate salary placement strategies control how much can be offered to highly skilled new hires.

- Control pay limits and payroll costs
  - Pay ranges control the upper and lower limits of pay for each job. Adhering to maximum pay limits controls cost, avoids
overpayment, and balances internal pay equity. Competitive entry rates can reduce costly turnover and attract high-quality applicants.

**Elements of Pay Range Structures**

- **Pay Grade**—A range of pay rates, typically defined by a minimum, midpoint, and maximum rate, that groups jobs with similar internal or external market value.

- **Pay Structure**—A series of pay grades that encompass a family of jobs or all jobs within an organization.

- **Control Points**—The minimum, midpoint, and maximum rates in a pay grade used to set and control the target rate (midpoint) and the upper and lower limits of pay for a particular job or group of jobs.

- **Range Midpoint**—The control point located halfway between the minimum and the maximum of the pay range, generally set in a relationship to the average market value for a benchmark job.

- **Range Overlap**—The degree to which adjacent pay grades in a given pay structure encompass the same rates of pay.
Measuring Pay Range Structures

Midpoint Progression—The percentage increase from one midpoint to the next higher midpoint. It is expressed as a percentage of the lower midpoint. For example, if the midpoint of one pay grade is $9.00 per hour and the next midpoint is $9.90, the midpoint progression is 10 percent.

\[
\text{Progression} = \frac{\text{higher midpoint} - \text{lower midpoint}}{\text{lower midpoint}} \times 100\%
\]

\[
\frac{($9.90 - $9.00)}{\$9.00} \times 100\% = 10\%
\]

Midpoint progression is determined by comparing differences in market values for benchmark jobs between adjacent pay ranges.

Range Width—Pay range width is the distance between the minimum and maximum rates, expressed as percentage of the minimum. Most pay ranges are typically 20 to 50 percent wide. Range width defines the possible variance of pay between incumbents in the pay range. All pay ranges in a pay structure may not have the same range width. For example, if the minimum of a pay range is $9.00 per hour and the maximum is $12.00 per hour, the range width is 33 percent.

\[
\text{Range width} = \frac{\text{maximum} - \text{minimum}}{\text{minimum}} \times 100\%
\]

\[
\frac{($12.00 - $9.00)}{\$9.00} \times 100\% = 33\%
\]

Midpoint Offset—Midpoint offset is the distance between the midpoint and the minimum and the distance between the midpoint and the maximum, expressed as a percentage. Most offsets are between 9 and 20 percent. They determine the possible variance between individual pay rates and the target rate, or midpoint, of a pay range. For example, if a midpoint offset is 15 percent, no individual’s pay rate will be more than 15 percent higher or lower than the target rate of pay. For example, if the minimum of a pay range is $9.00 per hour, the midpoint is $10.50 per hour, and the maximum is $12.00 per hour, the minimum and maximum offsets are 14%.

\[
\text{Minimum offset} = \left[1 - \left(\frac{\text{minimum}}{\text{midpoint}}\right)\right] \times 100\%
\]

\[
\text{Maximum offset} = \left[\left(\frac{\text{maximum}}{\text{midpoint}}\right) - 1\right] \times 100\%
\]

\[
\text{Minimum offset} = \left[1 - \left(\frac{\$9.00}{\$10.50}\right)\right] \times 100\% = 14\%
\]

\[
\text{Maximum offset} = \left[\left(\frac{\$12.00}{\$10.50}\right) - 1\right] \times 100\% = 14\%
\]
The size of the offset depends on the appropriate variance from the target rate. Smaller offsets allow less variance from the target. Larger offsets allow more variance.

**Market Competitiveness**—Most pay ranges are built around a target pay rate for a given pay grade. The pay target is generally based on what competitive employers are paying for the same or similar jobs. Salary survey data for benchmark jobs in each pay grade are used as the guide for setting the midpoint of each pay range in the structure.

To assess the competitive position of a particular pay range, the range midpoint is divided by the market value for the pay grade’s benchmark job(s). For example, if the midpoint of the pay range is $10.50 per hour, and the market value for the pay grade’s benchmark jobs is $11.00, the midpoint-to-market relationship is 95%.

\[
\text{Midpoint-to-market relationship} = \left( \frac{\text{midpoint}}{\text{market value}} \right) \times 100\%
\]

\[
\left[ \frac{10.50}{11.00} \right] \times 100\% = 95\%
\]

A district’s market pay strategy informs the ideal relationship between pay range midpoints and market prices. Districts wishing to pay “at market” try to maintain range midpoints that are near 100 percent of market values. Those wishing to pay “above market” maintain range midpoints above 100 percent of market values. Conversely, those wishing to “lag market” strive for midpoints that are somewhat below market values.

**Example:** The market price for a computer technician is $17.45 per hour. The district’s midpoint for the job is $18.05 per hour.

\[
\frac{18.05}{17.45} \times 100\% = 103\%
\]

The current midpoint is 3 percent above market.
Pay Structure Measurement

Activity—Building Pay Grades

Directions: Complete the following tables by calculating the progression, range width, midpoint offset, and market relationship for the three pay grades. Refer to the formulas on pages 31 and 32.

<table>
<thead>
<tr>
<th>Pay Grade</th>
<th>Min</th>
<th>Mid</th>
<th>Max</th>
<th>Progression</th>
<th>Width</th>
<th>Offset</th>
</tr>
</thead>
<tbody>
<tr>
<td>PG 1—Custodian</td>
<td>$9.80</td>
<td>$12.25</td>
<td>$14.70</td>
<td>N/A</td>
<td>50%</td>
<td>20%</td>
</tr>
<tr>
<td>PG 2—Lead Custodian</td>
<td>$11.25</td>
<td>$13.72</td>
<td>$16.19</td>
<td>12%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PG 3—Bus Driver</td>
<td>$13.25</td>
<td>$15.78</td>
<td>$18.30</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Choosing the Best Pay Structure

Choosing the best pay structure depends on the type of jobs, existing pay systems, and the district’s pay strategy. First, the district should consider how the pay structure will relate to the market. This will decide how midpoints are determined and the progression between midpoints.

Another important consideration is how wide or narrow pay ranges should be. There are both advantages and disadvantages to having narrow or wide pay ranges as described below:

### Narrower Ranges

- **Advantages**
  - Better control over competitive pay
  - Advancement to midpoint (market) is faster
  - Less pay overlap creates stronger career progression
  - Higher entry rates aids in recruiting new employees

- **Disadvantages**
  - Less opportunity to vary pay for service or performance
  - Ranges must be adjusted frequently
  - Contrary to a school culture of pay for experience
  - Transition can be costly if existing pay spreads are very wide and many employees are paid at or near the bottom of the pay range.
  - Transition can be difficult when existing pay spreads are very wide. Employees currently being paid at or near the maximum of the old range may now be paid above the maximum of the new range.
Wider Ranges

- Advantages
  - More opportunity to vary rewards for service or other criteria
  - More forgiving if pay ranges are not adjusted frequently

- Disadvantages
  - Lax control over competitive pay alignment
  - Advancement to midpoint (market) is slower
  - Top pay levels become excessive and costly
  - Lower entry rates can be less competitive

Pay Range Width

<table>
<thead>
<tr>
<th>Spread</th>
<th>Market</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>35%</td>
<td>$42,500</td>
<td>$50,000</td>
</tr>
<tr>
<td>67%</td>
<td>$37,500</td>
<td>$50,000</td>
</tr>
</tbody>
</table>

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Adjusting Pay Ranges

Pay ranges need to be monitored and adjusted on a regular basis to remain competitive and to prevent employees from reaching maximum pay too soon. Pay range adjustments are generally made each year if the district grants a general pay increase. A good rule of thumb is to adjust pay ranges by half of the percentage budgeted for pay raises. This strategy will ensure that employee pay progresses through the pay range and prevents pay compression between experienced employees and new hires. A periodic market review is also needed to keep pay range midpoints properly aligned with job market targets.

Pay range structures should generally not be adjusted during a salary freeze or if the general pay increase amount is very small. Additionally, if there is little or no change in market prices for jobs over the previous year, a structure adjustment may not be necessary to remain competitive.

To adjust a pay range, multiply the midpoint by the adjustment factor (half the general pay increase percentage), and then recalculate the minimum and maximum using the original midpoint offset for the pay range.

Activity—Adjusting Pay Ranges

- **Directions:** Adjust the midpoint of the pay range by 1.5%. Midpoint offsets are 15%.

<table>
<thead>
<tr>
<th></th>
<th>Original Pay Range</th>
<th>Adjusted Pay Range</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Maximum Salary</strong></td>
<td>$69,000</td>
<td></td>
</tr>
<tr>
<td><strong>Midpoint Salary</strong></td>
<td>$60,000</td>
<td></td>
</tr>
<tr>
<td><strong>Minimum Salary</strong></td>
<td>$51,000</td>
<td></td>
</tr>
</tbody>
</table>
Teacher Pay Practices

Teachers comprise the largest percentage of employees in school districts. Fifty to 55 percent of a typical district’s employees are classroom teachers and their salaries account for approximately 65 percent of the entire salary budget.

Most districts use a traditional experience-based salary or hiring schedule for classroom teachers. They typically extend to 20, 25, 30 or more years of experience. Only experience counts in this type of pay structure. There is no way to distinguish between local experience and total experience or by job assignment. For example, elementary, secondary, and special education teachers are all paid on one schedule.

Most districts do offer additional stipends for advanced degrees, teacher assignments in shortage areas, or for taking on additional roles and responsibilities such as coach, department head, or club sponsor.

Analyzing Teacher Job Markets

Evaluating the competitive position of a teacher salary schedule is slightly different than market analysis for other benchmark jobs. This market examination should include a review of competing districts’ hiring schedules in at least five year increments.
Activity—Assessing Market Position

Discussion:

Based on the teacher market data below, what is the district’s overall market position?

Does the district need to make improvements? If so, where?

<table>
<thead>
<tr>
<th>District</th>
<th>Enroll</th>
<th>0-Year</th>
<th>5-Year</th>
<th>10-Year</th>
<th>15-Year</th>
<th>20-Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>AISD</td>
<td>5,913</td>
<td>$42,745</td>
<td>$43,518</td>
<td>$44,993</td>
<td>$47,430</td>
<td>$50,559</td>
</tr>
<tr>
<td>BISD</td>
<td>6,422</td>
<td>$41,600</td>
<td>$43,010</td>
<td>$44,980</td>
<td>$48,100</td>
<td>$50,700</td>
</tr>
<tr>
<td>CISD</td>
<td>20,912</td>
<td>$41,503</td>
<td>$43,503</td>
<td>$45,559</td>
<td>$48,119</td>
<td>$50,869</td>
</tr>
<tr>
<td>DISD</td>
<td>15,985</td>
<td>$41,500</td>
<td>$43,646</td>
<td>$46,453</td>
<td>$49,286</td>
<td>$52,041</td>
</tr>
<tr>
<td>EISD</td>
<td>3,254</td>
<td>$41,000</td>
<td>$42,300</td>
<td>$44,300</td>
<td>$47,300</td>
<td>$50,800</td>
</tr>
<tr>
<td>Median</td>
<td></td>
<td>$41,503</td>
<td>$43,503</td>
<td>$44,993</td>
<td>$48,100</td>
<td>$50,800</td>
</tr>
<tr>
<td>My ISD</td>
<td>7,234</td>
<td>$40,500</td>
<td>$42,225</td>
<td>$45,556</td>
<td>$48,123</td>
<td>$51,376</td>
</tr>
<tr>
<td>% Compare</td>
<td></td>
<td>98%</td>
<td>97%</td>
<td>101%</td>
<td>100%</td>
<td>101%</td>
</tr>
<tr>
<td>$ Compare</td>
<td></td>
<td>(1,003)</td>
<td>(1,278)</td>
<td>563</td>
<td>23</td>
<td>576</td>
</tr>
</tbody>
</table>

Updating Teacher Schedules

Traditional pay schedules should be reviewed annually and adjusted based on the general pay increase granted for teachers. The following example illustrates how a general pay increase is applied to the salary schedule, the entry salary is increased, and adjustments to improve the schedule are made.

<table>
<thead>
<tr>
<th>Exp</th>
<th>2014-15 Schedule</th>
<th>General Increase</th>
<th>Adjustment</th>
<th>Next Exp</th>
<th>2015-16 Schedule</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>$37,500</td>
<td>$1,500</td>
<td>0</td>
<td>1</td>
<td>$39,000</td>
</tr>
<tr>
<td>1</td>
<td>$37,700</td>
<td>$1,500</td>
<td>0</td>
<td>2</td>
<td>$39,200</td>
</tr>
<tr>
<td>2</td>
<td>$38,000</td>
<td>$1,500</td>
<td>0</td>
<td>3</td>
<td>$39,500</td>
</tr>
<tr>
<td>3</td>
<td>$38,300</td>
<td>$1,500</td>
<td>$200</td>
<td>4</td>
<td>$40,000</td>
</tr>
<tr>
<td>4</td>
<td>$38,600</td>
<td>$1,500</td>
<td>$400</td>
<td>5</td>
<td>$40,500</td>
</tr>
</tbody>
</table>
Teacher Salary Ranges

A salary range for classroom teachers with a market-based control rate is a pay strategy used in some Texas districts. This replaces the traditional salary schedule. In this type of model, the teacher salary plan has a pay grade minimum and maximum. Experience can continue to be the primary basis for salary decisions for new hires, but there are no “steps.”

A teacher salary range without experience-based steps creates a more flexible way for districts to pay teachers. Some of the advantages include:

- Removes the expectation that a “step” increase is a guaranteed entitlement
- Allows districts the ability to assign more value to district experience than experience gained outside of the district
- Allows flexibility in hiring qualified candidates in hard-to-staff positions, with multiple certifications, or those that possess specific job-related experience in the classroom or other setting

Common Employee Question

Why is the district changing from a step schedule to a pay range system?

Salary step schedules based on years of creditable service have been in place since the 1940’s when the state paid a minimum salary schedule for all employees. Funding for step raises was guaranteed by the State, but that is no longer the case.

Today, our available revenue is known one year at a time. Also, we are facing more competitive pressures to recruit and retain qualified employees. A pay range system will help us keep employees paid within a competitive range of the marketplace because more weight is given to the value of the job being done rather than employee years of service.
Administering Pay Plans

Pay System Policies

Documented policies and procedures are another critical component of a compensation plan. Pay procedures should be clear and rational while supporting the district’s pay strategy and hiring objectives.

District policies on compensation can be found in multiple codes in the TASB Policy Manual.

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>DEA</td>
<td>Compensation and Benefits—Compensation Plan</td>
</tr>
<tr>
<td>DEAA</td>
<td>Compensation Plan—Incentives and Stipends</td>
</tr>
<tr>
<td>DEAB</td>
<td>Compensation Plan—Wage and Hour Laws</td>
</tr>
<tr>
<td>DEC</td>
<td>Compensation and Benefits—Leaves and Absences</td>
</tr>
<tr>
<td>DEE</td>
<td>Compensation and Benefits—Expense Reimbursement</td>
</tr>
</tbody>
</table>

Local district policy should clarify decision-making authority between the board and the Superintendent and governing rules concerning the pay system.

Activity—Compensation Policy Provisions

- **Small Group Activity:** Review the sample Policies DEA, DEAA, and DEAB (LOCAL) provided and answer the following questions:

  1. Who decides pay grade placement for jobs?
  2. Who decides how much of a pay raise employees will get?
  3. Who decides starting pay for a new employee?
  4. Can the superintendent give a mid-year pay increase to an employee?
  5. Can coaching duties and pay for those duties be changed without due process?
6. How will nonexempt employees be compensated for overtime?

7. When will unused compensatory time be paid out?

Pay System Procedures

District procedures provide guidance for decisions about how a practice will be administered by district officials. In general terms, policies define “what” and procedures define “how.”

Pay administration procedures should address how the following pay actions will be handled:

- Job classifications
- General pay increases
- Starting pay for new hires
- Promotions
- Reassignments
- Reinstatements
- Stipends

**Best Practice**—Know the content of your district’s pay policies and procedures and make sure that your practices are aligned.

**Common Employee Question**

*What if my pay is above the maximum of the range?*

The board will decide each year if adjustments will be made for employees who are paid over the maximum of their pay range.

The maximum of each pay range is set well above the market price for your job. When your pay reaches the maximum rate, your future rate of pay increases should slow down. Pay ranges are adjusted frequently to maintain our competitive position in the job market. Reaching the maximum does not mean that your pay will never change. You will receive any adjustments made to the maximum rate of pay.
Job Classification

Pay grade assignments may change based on increases or reductions in job duties or changes in the competitive job market. A job reclassification occurs when a position is moved to a higher or lower pay grade. Administrative procedures should provide a process for reviewing job classifications. The procedures should identify:

- Who has authority to initiate a request for reclassification
- What supporting information needs to be provided
- Who is responsible for analyzing the request and making a recommendation
- What is the timeline for receiving and completing reviews
- Who has final approval authority and if there will be an option for appeal

Changing the pay grade classification for a job should be based on the work itself and not solely due to the request of the job incumbent. Job classification changes should be limited and relatively infrequent. These infrastructure changes to the pay plan should not be a result of negotiation. Instead, changes should be based only on a review of job duties relative to other jobs in the district and market data.

Job classification changes may be warranted for the following reasons:

- A substantial and sustained increase in job duties assigned
- A significant increase in the competitive price for the job
- Identification of an internal inequity related to other jobs

When a job is reclassified, a pay increase is not always necessary or even appropriate. A higher pay grade will yield a larger pay increase and more growth potential for the employee. Clear guidelines on pay adjustments associated with job classification changes will lead to consistent pay decisions for incumbents in positions that are reclassified.
<table>
<thead>
<tr>
<th>Reason for Reclassification</th>
<th>Salary Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Permanent increase in duties and responsibilities</td>
<td>• Provide salary adjustment.</td>
</tr>
<tr>
<td></td>
<td>• Treat as a promotion and follow promotion guidelines.</td>
</tr>
<tr>
<td>• Permanent decrease in duties and responsibilities</td>
<td>• Salary may be reduced.</td>
</tr>
<tr>
<td></td>
<td>• Treat as a reassignment and follow guidelines.</td>
</tr>
<tr>
<td>• Significant increase in market value for job</td>
<td>• Special pay adjustment may be made if incumbent pay levels are substantially below market price.</td>
</tr>
<tr>
<td>• Organizational changes for internal equity</td>
<td>• No pay increase unless incumbent is paid below the minimum of the new pay range.</td>
</tr>
</tbody>
</table>

Common Employee Question

*Does my pay grade ever change?*

Pay grades do not change unless the job description is changed due to a significant increase or decrease in level of duties and responsibilities.

The district strives to maintain internal pay equity by assigning jobs that require equivalent levels of skill, effort, responsibility, and working conditions across departments and campuses in the same pay grade.

Employee Pay Increase Overview

Pay increases are given to employees to recognize and reward continued service to the district. Pay increases are also necessary to keep pace with cost-of-living inflation and to remain competitive in the job market.

Administrative procedures should describe the method the district will use to calculate and distribute pay raises to employees. Procedures should also describe eligibility criteria for pay raises. Examples of eligibility requirements include the following:

- Satisfactory job performance
- Employed for a certain length of time
- Must be in a paid status or on an approved leave of absence

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### Common Employee Question

**How do I get a pay increase?**

Each year during the budget process, the superintendent and school board will determine the total amount that can be spent for employee pay increases.

A percentage factor is applied to the midpoint rate of each pay range to calculate an equal dollar raise for jobs at each pay grade level.

**Example:** If you are an hourly employee and the midpoint of your pay grade is $15.00, that rate is the basis for your pay raise. If the board approved a pay raise budget of 4 percent, your pay raise is calculated like this:

<table>
<thead>
<tr>
<th>Current hourly rate</th>
<th>$14.50</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pay raise ($15.00 x 4 percent)</td>
<td>+ .60</td>
</tr>
<tr>
<td>New hourly rate</td>
<td>$15.10</td>
</tr>
</tbody>
</table>

---

### Types of Pay Increases

- General pay increases
  - Equal increases given to all employees “across-the-board.” Most school districts award general pay increases for continued service.
  - General pay increases can be applied as an equal dollar amount or an equal percent amount for employees at the same job level.
    - When calculated as a percentage of the range midpoint, employees at the same pay grade level will receive an equal dollar increase. This approach will accelerate the advancement of those lower in the pay range, which can aid in retention.
    - When calculated as a percentage of each employee’s pay, each employee receives a different dollar amount. The highest paid employees will receive larger pay increases while the lowest paid employees receive the smallest. This approach will increase pay differences between employees at the same job level over time.
**Step increases**

- A step increase is a fixed increment on a pay scale correlated to years of service or years in the district.
- Step increases are used in fewer districts today because the step amounts are unrelated to revenue, cost-of-living, or competitive market changes.

**Merit-based pay increases**

- Merit-based pay increases raise pay by an amount dependent on the incumbent’s job performance. Supervisors have discretion to recommend individual adjustments in accordance with central guidelines and a designated budget allotment. Top performers can receive larger increases and poor performers receive smaller or no increases.
- Very few school districts use merit-based pay increases.

**Lump sum payments**

- Lump sum payments are monetary awards paid in one lump sum which are not added to an employee’s salary. These may be used to:
  - Reward individual or team performance achievements
  - Reward employees who have reached the top of their pay range and are not eligible for a general pay increase
  - Reward employees without adding a recurring expense to base salary and benefit costs
- Lump sum payments should be used with these cautions in mind:
  - Lump sum payments must be included in the calculation of regular weekly earnings to determine the overtime rate owed each week to non-exempt employees who earn cash overtime compensation.
  - Contract employees cannot be paid more than the original contracted salary unless the payment is authorized by the terms of the contract or in the compensation plan adopted by the board before the contract begins.
  - Lump sum payments are not considered “creditable compensation” under TRS rules in calculating pensions for retiring employees.
Communicating Pay Increases

Districts use a variety of methods to communicate with staff about annual pay increases. Some districts use total compensation statements, either sent directly to employees or posted in an employee portal or Intranet that requires a protected log-in; other districts use more passive methods, such as posting the increase information on the district website.

Regardless what method the district chooses, communication from the district to employees about pay increases should include all of the following details:

- The fixed dollar amount or percentage of pay increase
- The basis for pay increase (midpoint or actual salary)
- The effective date of increase (e.g., retroactive to the first duty day for the 2015-16 school year)
- The paycheck they can expect to see the increase

These communications are intended to inform employees about the timing, amount, and basis of employee pay increases, and proactively answer common questions employees have about their pay. A sample employee message is provided below:

“The Board has approved a budget for employee pay raises to provide an average increase of 3 percent. The pay raise for 10-month teachers will be $1,500. The pay raise for other employees will be equal to 3 percent of the midpoint of their pay range. Employees will receive a personalized letter from Human Resources explaining their pay for next school year.”

Discussion—Employee Communications

- Discussion:
  How does your district communicate to employees about what their pay raise will be?
  What do employees want to know?
Salary Offers for New Hires

The initial pay offer to a new employee in the pay system is an important decision point. Strategies for offering pay to new hires can help or hinder the ultimate goal of human capital management which is to hire the best talent available for each job. These strategies can affect the following:

- The quality of candidates who apply
- Whether job offers are accepted by the best candidates
- The morale of current employees
- Potential for future salary increases
- Whether the district pays too much for the value of the job

Pay placement strategies should reflect what the district values most for the type of job that is being filled. Relevant experience and skills brought to the job should be considered and given more value in salary decisions. These values may include any combination of the following:

- Job-specific experience
- Demonstrated abilities
- Teaching experience in general
- Teaching experience of a specific type
- Administrative experience in general
- Total years of service in education
- Degrees or certifications

Developing salary placement procedures is a challenging task. A district may have different procedures for various pay families. In developing procedures consider the following:

- New procedures must account for salary levels of current staff.
- Procedures should be reviewed and tested to verify effectiveness.
- The amount of credit granted for experience or skill may have to be adjusted if current employees are compressed in the pay structure.
- Procedures should not be oversimplified to achieve a “one size fits all” approach. They should fit the job they are designed for.
- All work experience is not equal in value to a job. Job-specific experience is more relevant and experience in your district may be
more relevant. Experience from more than 20 years ago may be less relevant or not relevant at all.

There are two basic strategies for determining pay for new hires:

**Step Schedule**—Step schedules apply a rigid formula for experience. Each year of experience is correlated to a pay rate or “step” on a pay scale.

- **Advantages**
  - Easy to administer
- **Disadvantages**
  - Pay rates for new hires are based solely on years of experience, so no value is placed on other qualifications, making it difficult to compete for highly skilled or up-and-coming talent.
  - Using only experience-based pay steps may prevent hiring the best person for the job.
  - Extra cost may be incurred to align current employees with any new step schedule plan
  - If exceptions are made, current employee morale could be damaged.
  - Employees may feel entitled to a “step” raise each year.

**Individual Salary Offer**—Starting pay is determined based on an assessment of the skill, education, experience, certifications, or other criteria possessed by the individual candidate.

- **Advantages**
  - Allows maximum flexibility and discretion in determining pay for new hires
  - Facilitates hiring the best person for the job by allowing the district to pay for specific skills
- **Disadvantages**
  - Requires more judgment and decision-making by administrators
  - Time consuming, as internal equity with other employees is judged on a case-by-case basis
  - May be difficult to communicate to employees
  - May damage morale among current employees if criteria for pay determination are not clearly understood
Questions to consider in formulating the best placement strategy for
different types of jobs include:

- Does this type of work require prior work experience?
- Is this type of work quickly and easily mastered?
- Do we generally have enough qualified applicants?
- Is there high turnover in this type of work?
- Are current employee salaries compressed into the lower range?

The answers to these questions will determine how much flexibility
for setting new hire salaries is needed. The goal is to pay employees
with similar value (skills, knowledge, and job-related experience) at
similar levels.

### Common Employee Question

*How does my experience count for pay?*

Experience counts in a pay range system, but it is not unlimited.
Experience that is relevant to the job assignment is considered in
the salary offers to new hires up to a point. Pay equity with peer
employees is also considered.

The strategy in a market-based pay range system is to keep all
employees paid within a defined range of the market price for
their job. Employees are paid closer to the “target” rate than they
would be in a step schedule based on years of service.

### Activity—Determining New Hire Pay

- **Discussion**: For each of the positions below, which candidate
  would you pay more? Why?

  - Elementary Principal
    - Candidate #1—Has 10 years of teaching experience
    - Candidate #2—Has 8 years of experience with 5 as a
teacher and 3 as an elementary assistant principal
• Network Administrator
  • Candidate #1—Has an associate’s degree and 5 years of experience as a network administrator for a large bank that uses the same networking equipment as the district
  • Candidate #2—Has a master’s degree in education and 10 years of experience as a campus technology specialist

• Custodian
  • Candidate #1—Has 7 years of custodial experience in a school district
  • Candidate #2—Has 7 years of custodial experience in a hospital

---

**Sample Salary Offer Procedure for a Pay Range System**

Starting pay for a new hire in a pay range plan will be determined individually based on each person’s job-related experience and salaries paid to peer employees in the same position with similar experience.

The guidelines for determining salary offers are as follows:

a. In multi-incumbent positions (e.g., principals), starting pay for a new hire should not exceed rates being paid to other employees in the same job with similar experience and qualifications.

b. Starting salary may be set up to the midpoint of the pay range based on job-related prior experience and the salary of peer employees.

c. With approval from the superintendent, a starting salary may exceed the midpoint of the pay range and/or peer employees for a hard-to-fill key position.

d. Credit for prior experience:

  Subject to guidelines a–c, starting pay for exempt and nonexempt jobs that require prior experience will be determined by these guidelines:

  • 1 percent above minimum for each year of job experience directly related to job duties. Credit for teaching experience in jobs that require teaching experience is limited to 5 years.
• Starting pay should not exceed the midpoint of the range or the pay of peer employees with the same experience.

Activity—New Hire Salary Offers

• Directions: Use the data provided to determine the years of creditable service and the starting salary for each new hire.

• Jennifer is being hired as an academic dean. She is an outside candidate with 4 years of teaching experience and 4 years of experience as a campus instructional coordinator. There is one other academic dean in the district who has been in the position for 4 years and is paid a salary of $77,125.

<table>
<thead>
<tr>
<th>Salary Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minimum = $72,198</td>
</tr>
<tr>
<td>Midpoint = $84,937</td>
</tr>
<tr>
<td>Maximum = $97,677</td>
</tr>
</tbody>
</table>

How many years of creditable experience would you give to Jennifer? __________

Using the guidelines for placement above, recommend a starting salary for Jennifer: _________________________________

• Adrian is being hired as a high school assistant principal. He is a candidate from another district with 14 years of teaching experience and 7 years as a high school assistant principal. There is another high school assistant principal that has been in the job for 5 years and is paid $84,289.

<table>
<thead>
<tr>
<th>Salary Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minimum = $77,430</td>
</tr>
<tr>
<td>Midpoint = $90,033</td>
</tr>
<tr>
<td>Maximum = $102,263</td>
</tr>
</tbody>
</table>

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How many years of creditable experience would you give to Adrian? __________

Using the guidelines for placement above, recommend a starting salary for Adrian: ______________________________

Patrick is being hired as a high school assistant principal. He has 6 years of teaching experience and 2 years as an instructional specialist. There is another high school assistant principal who has been in the job for 2 years and is paid $69,550.

<table>
<thead>
<tr>
<th>Salary Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minimum = $66,128</td>
</tr>
<tr>
<td>Midpoint = $77,796</td>
</tr>
<tr>
<td>Maximum = $89,465</td>
</tr>
</tbody>
</table>

How many years of creditable experience would you give to Patrick? __________

Using the guidelines for placement above, recommend a starting salary for Patrick: ______________________________
Promotions

A promotion occurs when an employee is assigned to a job with more responsibility in a higher pay grade. There is typically a pay increase related to the promotion to recognize the added job responsibility and complexity. Procedures for promotional pay adjustments should address:

- Effective date of a promotional pay adjustment
- Whether a promotional adjustment is inclusive of or in addition to the annual general pay increase when the promotion takes effect at the beginning of a new school year
- What happens when an employee moves to a job in a different pay structure (e.g., moving from a nonexempt to an exempt job family)
- How stipends paid for the previous assignment will be treated in calculating the new salary
- Whether there will be a minimum promotion increase given even though a promoted employee was already paid above other peers in the new position
- How internal pay equity among peers will be maintained

Determining Promotion Increases

There is not a magic number for the right amount to give for a promotion adjustment. Employees who accept a new job with more responsibility will generally expect to be compensated in excess of what they would be paid if they stayed in their previous position. If a longer work year is expected, another variable is added to the equation. A driving factor in determining the size of a promotion increase is how more experienced peers are being paid at the time the new hire is placed in the system.

Sample Promotion Increase Procedure

A promotion increase is applied to the employee’s current base rate of pay less any stipends paid for supplemental duties. Salary for an employee who is promoted to a job in a higher pay range will generally follow the guidelines for newly hired employees, subject to adjustments as needed to control pay equity among peer employees. Employees who are internally promoted will not be paid less than a new hire with similar experience. A promotional increase will be at least three percent less any stipends paid for additional duties unless the employee’s pay will exceed the maximum rate of the pay range.
Districts should determine whether the basis for setting the threshold for promotional increase will be an employee’s daily rate or annual salary.

### Activity—Applying Internal Promotion Procedures

- **Direction:** Use the data provided to determine the starting salary for each employee.

<table>
<thead>
<tr>
<th>Salary Range</th>
<th>Current Elementary Principals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minimum = $68,000</td>
<td>Bob</td>
</tr>
<tr>
<td>Midpoint = $80,000</td>
<td>Sue</td>
</tr>
<tr>
<td>Maximum = $92,000</td>
<td>Pat</td>
</tr>
</tbody>
</table>

- Alice has been a teacher for 12 years and an elementary assistant principal for 4 years. She is being promoted to an elementary principal. Her current salary is $64,000 and her duty schedule does not change.

  Using the guidelines for placement above, recommend a starting salary for Alice: _________________________________

- Pete has 4 years of teaching experience and 2 years as an assistant principal. His current salary is $60,000. He is being promoted to an elementary principal. The duty schedule does not change.

  Using the guidelines for placement above, recommend a starting salary for Pete: _________________________________
Appendix
### History of the State Minimum Salary Schedule

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>Before 1984</td>
<td>All certified employees had a state minimum salary schedule (MSS). Schools were funded by formulas that paid for a minimum daily rate for a prescribed number of duty days for each position. A 10-month contract was 183 days. The MSS had 18 pay grades with up to 23 steps. Step raises were guaranteed and funded by the State.</td>
</tr>
<tr>
<td>1984</td>
<td>The state funding system for public schools was transformed from personnel-based funding to student-based funding. The MSS was eliminated for all positions except teachers and librarians. Minimum monthly salaries for years of service extended only to 10 years.</td>
</tr>
<tr>
<td>1995</td>
<td>The MSS was changed to increase the minimum monthly salaries and extend the step schedule from 10 to 20 years. A 10-month contract was 185 days.</td>
</tr>
<tr>
<td>1996</td>
<td>Minimum days of service increased to 186 and the salary schedule incorporated a multiplier that linked the calculation of minimum salaries and duty days to state funding for the Foundation School Program (FSP). The intent was to lengthen the teacher work year as state funding and minimum salaries increased.</td>
</tr>
<tr>
<td>1997</td>
<td>Minimum days of service increased to 186. Salary factors were modified to keep the MSS stable.</td>
</tr>
<tr>
<td>1998</td>
<td>Minimum days of service increased to 187.</td>
</tr>
<tr>
<td>1999</td>
<td>Counselors and nurses were added to the MSS. A pay increase of $300 a month was provided by the state which was required to be added to the salary step increase in local district pay schedules. Continuing employees were held harmless from any future pay reductions, thereby creating a new “local MSS” for each district.</td>
</tr>
<tr>
<td>2001</td>
<td>Salary factors were modified again to stabilize the MSS.</td>
</tr>
<tr>
<td>2007</td>
<td>Salary factors were modified again to stabilize the MSS.</td>
</tr>
<tr>
<td>2009</td>
<td>The state provided funding for a minimum pay increase of $80 a month which was required to be added to the salary step increase on each district’s prior year local salary schedule. Continuing employees were again held harmless from any future reduction in pay, again creating a new “local MSS” for each district. Speech pathologists were required to receive the same pay raise but were not added to the definition of MSS employees.</td>
</tr>
<tr>
<td>2011</td>
<td>Salary factors were modified to stabilize the MSS and keep the monthly rates from changing until the basic allotment reaches $5,000 per ADA.</td>
</tr>
<tr>
<td>2015</td>
<td>State minimum salary schedule was adjusted.</td>
</tr>
</tbody>
</table>