

Compensation Project Summary Report

Carmel Clay Public Library

August 23rd, 2017

As your organization evolves, it makes sense to ensure you have a compensation program that supports the mission of the organization, attracts and retains the talent it needs to be successful, and is considered reasonable and competitive. You need a program that is based on relevant and current market data, and provides a framework and structure for making confident compensation decisions. FirstPerson appreciates the opportunity to partner with you to provide an analysis of your compensation structure; this report summarizes the data collected and analysis conducted as part of our engagement with Carmel Clay Public Library.

Survey Data

We utilized the following peer group information—made available to us by the Carmel Clay Public Library Human Resources Manager—to provide benchmark salary data for the following libraries:

- Anderson
- Avon
- Hamilton-East
- Hancock County
- Hussey-Mayfield
- Indianapolis Marion County
- Johnson County
- Kokomo

The data included minimum and maximum ranges. We based our analysis on the available averages as well as the current structure in place at Carmel Clay Public Library. We aged the available data and our recommended changes to a common effective date of January 1, 2018.

Compensation Philosophy

The compensation philosophy for Carmel Clay Public Library is still developing, but generally seeks to be competitive in the community it serves and for comparable positions at select library peer organizations. It is important that the philosophy supports its non-profit status and its talent strategy.

Compensation Structure

Compensation structures provide a framework for making informed compensation decisions in support of the compensation philosophy and the talent strategy of the organization. It also:

- Aligns external market competitiveness with internal equity
- Ensures a more fair and consistent approach to setting compensation
- Supports the organization as it plans, budgets and forecasts compensation expenses

There are many factors to consider when creating a structure:

- Number of Grades
 - The number of grades should support the size of the organization and the career paths associated with each role; you don't want so many grades that someone is always knocking at your door for a promotion into a new grade, or so few that they have no vision for advancement
 - Ensure the lowest grade minimum is at or above minimum wage
 - It is okay to have empty grades; it depends on the hierarchy of positions and number of employees in relation to number of positions
- Range Spread
 - The range spread is the width of the range based on the ratio of maximum pay to minimum pay
 - Range spreads should increase as the job level increases
 - Lower level positions have more opportunity to advance to higher levels
 - Higher level positions will settle into grades longer and have limited opportunities to advance to the next level
- Midpoint Differential
 - The midpoint differentials support appropriate movement from one grade to another to support growth and avoid compression between positions
 - Midpoint differentials should increase as the job level increases
 - It is the difference—expressed as a percent—between the midpoint of two adjacent grades

To keep pace with the market, “aging” a compensation structure annually is a recommended practice. Typically, compensation structures are adjusted by a percent that is lower than the annual compensation increase budget for the organization; in the past ten years the structure adjustment amount has trended around 2 percent, and annual compensation increases have trended around 3 percent coming out of the recession period that started in 2007 for many organizations in the Midwest.

Proposed Compensation Structure

This compensation structure was created for Carmel Clay Public Library using the market data average midpoints as an anchor point for initial position assignments into the ranges (bolded positions are positions that had market data); adjustments and non-benchmark positions assignments were then made based on internal equity, the current Carmel Clay Public Library pay structure, and the talent and career path strategy of the organization. We increased the number of grades from 10 to 11 to alleviate compression between positions. The new structure mechanics allow positions to grow financially within their current role and/or from promotions into another grade or level of position. We provided both an hourly and annual equivalent structure for comparison purposes; the ranges are the same for each table (the annual amount is derived from multiplying the hourly rate by 2080 hours):

Proposed Hourly

Grade	Positions	Minimum	Midpoint	Maximum
11	Director	\$39.08	\$52.76	\$66.44
10	Assistant Director Manager, IT Planning & Administration Finance Manager	\$28.95	\$39.08	\$49.21
9	Department Manager	\$24.58	\$32.57	\$40.56
8	Children's & Youth Services Program Coordinator Mobile Library Supervisor	\$20.83	\$27.60	\$34.37
7	Circulation Assistant Manager Librarian Technical Support Specialist Graphic Design Specialist	\$18.46	\$24.00	\$29.54
6	Administrative Assistant Assistant Cataloger Circulation Supervisor Digital Media Lab Specialist Senior Department Assistant	\$15.52	\$20.17	\$24.83
5	Department Assistant Mobile Library Assistant	\$13.76	\$17.54	\$21.33
4		\$12.45	\$15.25	\$18.06
3	Clerk	\$10.83	\$13.26	\$15.70
2		\$9.82	\$11.53	\$13.25
1	Page	\$8.72	\$10.03	\$11.34

Proposed Annual

Grade	Positions	Minimum	Midpoint	Maximum
11	Director	\$81,290	\$109,741	\$138,193
10	Assistant Director Manager, IT Planning & Administration Finance Manager	\$60,215	\$81,290	\$102,365
9	Department Manager	\$51,126	\$67,741	\$84,357
8	Children's & Youth Services Program Coordinator Mobile Library Supervisor	\$43,327	\$57,408	\$71,489
7	Circulation Assistant Manager Librarian Technical Support Specialist Graphic Design Specialist	\$38,400	\$49,920	\$61,440

6	Administrative Assistant Assistant Cataloger Circulation Supervisor Digital Media Lab Specialist Senior Department Assistant	\$32,278	\$41,962	\$51,645
5	Department Assistant Mobile Library Assistant	\$28,618	\$36,488	\$44,359
4		\$25,901	\$31,729	\$37,557
3	Clerk	\$22,523	\$27,591	\$32,658
2		\$20,419	\$23,992	\$27,565
1	Page	\$18,141	\$20,862	\$23,584

Current Structure (for comparison purposes)

Current Hourly

Grade	Positions	Minimum	Midpoint	Maximum
10	Director	\$37.27	\$49.39	\$61.50
9	Assistant Director Manager, IT Planning and Administration Finance Manager	\$28.34	\$37.55	\$46.75
8	Department Managers	\$23.92	\$31.70	\$39.48
7	Librarian Technical Support Specialist Graphic Design Specialist Mobile Library Supervisor	\$18.10	\$23.53	\$28.96
6	Senior Department Assistant Assistant Cataloger Circulation Assistant Manager Administrative Assistant Digital Media Lab Specialist	\$14.70	\$18.37	\$22.04
5	Department Assistant Circulation Supervisor Mobile Library Assistant	\$12.42	\$15.53	\$18.64
4	Currently Unused	\$11.83	\$14.19	\$16.54
3	Clerk	\$10.57	\$12.69	\$14.80
2	(Currently Unused)	\$9.52	\$10.95	\$12.38
1	Page	\$8.72	\$10.03	\$11.34

Current Annual

Grade	Positions	Minimum	Midpoint	Maximum
10	Director	\$77,522	\$102,721	\$127,920
9	Assistant Director Manager, IT Planning and Administration Finance Manager	\$58,947	\$78,094	\$97,240
8	Department Managers	\$49,754	\$65,936	\$82,118
7	Librarian Technical Support Specialist Graphic Design Specialist Mobile Library Supervisor	\$37,648	\$48,942	\$60,237
6	Senior Department Assistant Assistant Cataloger Circulation Assistant Manager Administrative Assistant Digital Media Lab Specialist	\$30,576	\$38,210	\$45,843
5	Department Assistant Circulation Supervisor Mobile Library Assistant	\$25,834	\$32,302	\$38,771
4	Currently Unused	\$24,606	\$29,505	\$34,403
3	Clerk	\$21,986	\$26,385	\$30,784
2	(Currently Unused)	\$19,802	\$22,776	\$25,750
1	Page	\$18,138	\$20,862	\$23,587

Findings and Recommendations

Our evaluation of the proposed structure included the following criteria:

- Do position assignments align with market?
- Is there enough distance between individual contributors and supervisors?
- Are there enough grades to provide career paths, but not so many that promotions feel immaterial?
- How many empty or full grades are there in the structure?
- How much will it cost to bring everyone up to the minimum of the grade? Are the suggested changes fiscally appropriate?
- What gaps exist and what priorities are evident?
- What stands out as an outlier, and do the reasons make sense?

As you evaluate the data and prioritize next steps, we recommend the following areas of focus:

- Prioritize bringing **all employees up to the minimum of the compensation range**; unless there is a unique situation where it makes sense for a person or position to fall

significantly below the market, you should invest in a one to two year plan to prioritize adjustments for employees that fall below the range minimum.

- Determine the **communication plan** and level of transparency you envision for communicating the changes in position grade assignments, ranges and other information that determines compensation.
- Continue to **highlight the non-cash investments** you make in your employees, including medical, retirement, paid-time-off and other programs.

When evaluating the activities above, be sure to revisit your compensation philosophy as an organization and engage in conversations to ensure there is clarity regarding how you seek to set compensation in relation to the market, internal equity, and the community you serve.

It is also important to ensure your policies and programs support the new structure on an ongoing basis to maintain competitiveness, consistency and fairness. Suggested policy changes or clarifications include:

- **Compensation structure adjustments.** To maintain and extend the longevity of this study and the new compensation structure, we recommend you set a policy to adjust (“age”) your compensation structure grade minimums, midpoints and maximums according to either annually published structure adjustment percentages or in direct relation to the annual compensation increase budget (e.g. age the compensation structure one percent less than the annual compensation increase budget)
- **Below minimum or above the grade maximum.** We recommend maintaining your current policy to not pay employees below the minimum or above the maximum rate established for the job classification. The morale challenges with freezing individual compensation at the maximum of the range will experience some relief if the policy suggestion to adjust the compensation structure each year goes into effect, since the maximum will—over time—increase enough to provide renewed opportunities for compensation adjustments when the market advances the ranges. If Carmel-Clay Public Library is committed to a philosophy to continue to recognize and reward individuals at the maximum of the grade range, providing a lump sum or pro-rated lump sum equivalent payment for an increase is a common practice.
- **Avoiding compression between employees and supervisors.** The compensation structure, addition of another grade, range spreads and midpoint differentials work together to diminish the possibility of employees being paid unreasonably in comparison to direct supervisors, and vice versa. Moving forward, we recommend you continue your practice of evaluating local and regional market survey data and making internal comparisons before adding new positions to the structure. In addition, we recommend you review your structure and position assignments annually to ensure all positions are appropriately captured and range placement continues to support internal equity.
- **Maintaining internal equity.** Absent a pay-for-performance philosophy or program, internal equity is often managed by providing compensation increases based on a cost of living adjustment for all employees (unless they are at the range maximum). Starting pay for new or recently promoted employees is also a contributor to the balance of internal equity over time, and we recommend you establish a guideline for starting pay (for new or recently promoted employees) that allows some flexibility to recognize previous experience—outside or at Carmel Clay Public Library—that is directly applicable to the job and enables an employee to demonstrate a level of competence beyond what a new hire for the same position might be able to contribute to the organization.

Final Observations

As organizations evolve, it is prudent to periodically evaluate the compensation program to ensure it is consistent with the compensation philosophy, and aligned with the market range. We are confident the analysis included in this report provides you with the information you need to assess your compensation structure and evaluate if it supports your talent strategy.

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