These guidelines apply to non-represented Manager and Senior Professional Staff (MSP), and Professional and Support Staff (PSS) only.

Guidelines are to be used in conjunction with University of California Policy PPSM-30. Compensation.
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Glossary of Terms

Equity Increase
A pay increase made to appropriately align an employee’s base salary with the level of compensation provided to internal or external comparators.

Salary Compaction (also referred to as Salary Compression)
Salary compaction occurs when the salaries of subordinate employees approach, and in some situations exceed, the salary of their supervisors.

UCD Equity Program Annual Review
Administered in January of each year. Provides Schools, Colleges and Divisions the opportunity to review non-represented employee salaries holistically to assess for equity.

Off-Cycle Equity Review
An equity increase occurring outside of the annual review process. Occurs on a very limited basis, and generally to address retention issues.

Legacy Classification System
The job classification system utilized by UC Davis prior to implementation of Career Tracks classification system in December, 2017. Job classification is a system for defining and evaluating the duties, responsibilities, tasks, and authority level of a job.

Career Tracks Classification System
A University of California systemwide classification system for defining jobs using consistent definitions of function, category and career level to allow for accurate pay comparisons with other employers in relevant labor markets for comparable jobs. The Career Tracks classification system was fully implemented at UC Davis in December, 2017.

Midpoint Compa-Ratio (also referred to as Midpoint Comparative Ratio)
Measures how an employee’s salary compares to the midpoint of the salary range they occupy.

Position Description
A statement of the major duties, responsibilities and supervisory relationships of a position. A position description indicates the work to be performed by the position.
What has changed:

Legacy Classification System to Career Tracks Classification System

2018 is the first year of the annual equity review in the Career Tracks classification system and salary structure. The Career Tracks classification system replaces the legacy classification system.

Career Tracks is not a salary program. It is a replacement classification system aligned to a new salary structure reflecting the current local labor market.

In 2017, UC Davis replaced the legacy classification system with the Career Tracks Classification System. The legacy classification system was comprised of broad categories, with generic titles that captured a host of differing occupations. For example, the title of Analyst could refer to an Analyst in a Research Department, or an Analyst in a Finance Department, all within the same salary range. The hierarchy of job titles in the Career Tracks salary structure differs from the hierarchy of job titles in the legacy salary structure.

Career Tracks is a market based classification system. Each occupational title will have its own price point in the market for the function and level. This supports the ability to remain current and competitive with the labor market, on a much more targeted basis. Career Tracks grades are also reflective of internal equity considerations where key relationships exist across related job functions.

The implementation of the Career Tracks classification system and salary structure has resulted in broader salary ranges and increases to salary range maximums. The salary range maximum increases have resulted in increases to salary range midpoints.

Career Tracks provides the ability to have more distinct job comparisons as specific job titles are attached to job categories, functions and family. This supports the ability to more accurately assess job titles in the same job families to determine whether an equity adjustment is required.

Please see the following page for an illustration of the Career Tracks classification system.
Career Tracks Classification Structure

<table>
<thead>
<tr>
<th>Job Family</th>
<th>A group of jobs in the same general occupation (e.g. Information Technology)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Job Function</td>
<td>A more specific area within a family (e.g. Applications Programming)</td>
</tr>
<tr>
<td>Job Category</td>
<td>Individual Contributor Series</td>
</tr>
<tr>
<td></td>
<td>Leadership Series</td>
</tr>
<tr>
<td></td>
<td>Operational &amp; Technical</td>
</tr>
<tr>
<td></td>
<td>Professional</td>
</tr>
<tr>
<td></td>
<td>Supervisors &amp; Managers (2+ FTE)</td>
</tr>
<tr>
<td>Career Level</td>
<td>Level 1</td>
</tr>
<tr>
<td></td>
<td>Level 2</td>
</tr>
<tr>
<td></td>
<td>Level 3</td>
</tr>
<tr>
<td></td>
<td>Entry</td>
</tr>
<tr>
<td></td>
<td>Intermediate</td>
</tr>
<tr>
<td></td>
<td>Experienced</td>
</tr>
<tr>
<td></td>
<td>Advanced</td>
</tr>
<tr>
<td></td>
<td>Expert</td>
</tr>
<tr>
<td></td>
<td>Level 1</td>
</tr>
<tr>
<td></td>
<td>Level 2</td>
</tr>
<tr>
<td></td>
<td>Level 3</td>
</tr>
<tr>
<td></td>
<td>Level 4</td>
</tr>
<tr>
<td></td>
<td>Level 5</td>
</tr>
<tr>
<td></td>
<td>Supervisor 1</td>
</tr>
<tr>
<td></td>
<td>Supervisor 2</td>
</tr>
<tr>
<td></td>
<td>Manager 1</td>
</tr>
<tr>
<td></td>
<td>Manager 2</td>
</tr>
<tr>
<td></td>
<td>Manager 3</td>
</tr>
<tr>
<td></td>
<td>Manager 4</td>
</tr>
</tbody>
</table>

Career Tracks Classification Structure: Defining jobs using consistent definitions of function, category and career level (rather than using generic titles such as “analyst” or “manager”) allows accurate pay comparisons with other employers in our labor market for comparable jobs.
Purpose of UC Davis Equity Program

In general, the purpose of the Equity Program is to provide consideration to salary administration problems resulting from external labor market pressures, internal salary compaction, increased duties that do not warrant a reclassification, or a significant salary lag to comparable internal positions.

This is achieved through:

a) The annual equity review process which provides an opportunity for departments to consider equity issues holistically, reviewing all employees at the same time, and
b) On a more limited basis, off-cycle equity increases which are mostly intended to address immediate employee retention requirements.

Timing of annual equity review process:
The Equity Program annual review will be administered in January of each year, beginning January 2018. Salary adjustments will be retroactive to January 1 for monthly pay, and the first pay period of 2018 for bi-weekly pay.

Eligibility Criteria for UC Davis Equity Program

- Employee status is non-represented Manager and Senior Professional Staff (MSP) and Professional and Support Staff (PSS)\(^1\).
- Employee must be actively at work.
- Employee status is career, per diem or probationary. Not eligible are contract or limited positions.

\(^1\)Equity adjustment requests for union represented staff requires the involvement of Employee and Labor Relations, due to collective bargaining agreements and implications.

Guiding Criteria for Equity Increases

- Difficulty retaining or recruiting staff in specific functions or with specialized skills, or due to competitive market salaries;
- Salary inequity between employees with comparable job responsibilities;
- Salary compression between supervisors and their employees
- Changes in assigned functions or work tasks that increase the scope and complexity of the position but do not elevate the position to a higher classification.\(^2\)

The above guiding criteria can help to determine if an equity increase is applicable where substantive salary differences are not explained by individual qualifications, type of experience, length of experience, performance or market.

Annual Equity Review Process for 2018

Timeline:

- Beginning January 29th: Spreadsheets distributed
- February 26th: HR Partners/Managers to review and return
- March 12th: Compensation Services to review and approve
- March 19th: Spreadsheets forwarded to Payroll for processing
- Salary adjustments appear on pay statements:
- April 1st for monthly employees.
- April 4th for biweekly employees

Spreadsheet Information for Annual Equity Review Process:

UC Davis Campus, School of Medicine, School of Nursing: Spreadsheets will be distributed to HR Partners/Managers by applicable School, College or Division.

UCDH Medical Center: Spreadsheets distributed to applicable senior executives.

Spreadsheets will list non-represented career employees by applicable School, College or Division.

Data fields provided in the spreadsheet will include:
- School, College or Division
- Job Family
- Job Function
- Title Code
- Career Tracks Title
- 1st Quartile salary, Midpoint compa-ratio, 3rd Quartile Salary
- Comments from HR Partners/Managers
- Response from Compensation Services Team

Following is an example of populated data fields in the annual review spreadsheet.

<table>
<thead>
<tr>
<th>Employee Name</th>
<th>School, College or Division</th>
<th>Job Family</th>
<th>Job Function</th>
<th>Title Code</th>
<th>Career Tracks Title</th>
<th>Current salary</th>
<th>Equity Request</th>
<th>Comments: HR Partners, Managers</th>
<th>Response: Comp Services Team</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jane Doe</td>
<td>FOA</td>
<td>HR</td>
<td>Comp</td>
<td>7726</td>
<td>Comp Analyst 3</td>
<td>$50,000</td>
<td>5% increase</td>
<td>Salary is 10% lower than next salary in peer group</td>
<td>Not approved. Salary difference due to Ms Doe is a new hire bringing one year experience</td>
</tr>
</tbody>
</table>
Annual Review Process: Assessing Salary Equity

The implementation of the Career Tracks classification system and salary structure has resulted in broader salary ranges and increases to salary range maximums. The salary range maximum increases have resulted in increases to salary range midpoints.

The broader Career Tracks salary ranges now encompass positions that formerly occupied separate salary ranges in the legacy salary structure.

The combination of increased salary range midpoints, and differing position descriptions and/or title codes assigned to the same salary grade requires HR Partners/Managers to focus on comparing similar job titles to identify outliers.

HR Partners/Managers should look for outliers where there is a substantive salary difference amongst similar job titles, and the salary difference is not explained by individual qualifications, type of experience, length of experience, performance or market. In general, an approximate 10% difference in salary is a good starting point to determine substantive salary differences. Once determined, please refer to the ‘Guiding Criteria for Equity Increase’ to further assess.

Summary

2018 is the first year of assessing for salary equity in the replacement Career Tracks classification system. It will take time and experience to become fully familiar with both the new classification and salary structure. It is recommended to assess for equity adjustments carefully, in collaboration with your HR Partners and management team. Where there is uncertainty, consider using a conservative approach and assessing again at a future time as more information becomes available.
Appendix: Scenarios

Scenario 1: Different Positions Occupying Same Salary Grade

In some situations, implementation of the Career Tracks classification system has resulted in different positions occupying the same salary grades, whereas formerly these different positions had also occupied different salary grades. Example, former Analyst 1 and Analyst 2 positions now occupy P2-Salary Grade 18.*

Recommended: Look for groupings of staff having the same position description and see if there are outliers. For example, former Analyst 1 positions may be grouped in Quartile 1 of P2, and former Analyst 2 positions may be grouped closer to midpoint of P2. Where you see outliers, apply against ‘Guiding Criteria for Equity Increases’.

*This is an example for illustrative purposes only.

Scenario 2: Supervisor Compaction

The outcome of the collective bargaining process provides for staff increases, which results in salary compaction between the staff and their immediate supervisor.

Recommended: Depending upon an employee’s experience and skillset, it may not be unreasonable for an employee’s salary to meet or exceed their supervisor’s salary. Where you identify that historical salary differences between the same employees and their supervisor have been substantively reduced due to collective agreement salary increases only, an equity increase may be applicable. In general, an approximate 5% salary differential may be used as a threshold to identify salary compaction.
Scenario 3: New Hire Salary Exceeds Current Employees’ Salary

A department hires an external candidate at a higher salary than existing employees are making in comparable positions.

**Recommendation:** Once the hire has occurred, take the time to assess for any equity implications. It is not necessary to make an immediate adjustment, and wherever possible, consider this as part of the annual review instead of an off-cycle request.

1. Determine type, quality and quantity of related experience of both new hire and existing staff. ‘Time in title’ is just one factor of an overall determination
2. Determine how substantive the differential is. You are assessing non-represented staff in a large, diverse and complex organization that operates in a pay for performance environment. Accordingly, employee salaries will not be exactly the same. Look for outliers and then apply against ‘Guiding Criteria for Equity Increases’.
3. To repeat, this assessment is best done at the time of annual review, as the annual review process provides departments with a holistic approach to consider equity.

Scenario 4: Difficulty Retaining or Recruiting Staff Due to Specialized Skills or High Demand Market

Market fluctuations and industry changes can impact a department’s ability to recruit and/or retain staff due to increased external competition for certain skillsets.

**Recommendation:** Confirm how much difficulty the department is experiencing in retaining or recruiting a certain skillset. Review historical trends on vacancy rates, meet with your Talent Acquisition Partner about how to attract better candidate pools, and discuss with your HR Business Partner the market salary indicators for this position. Once confirmed, bring forward to the Compensation Team for consultation on an approach to an equity increase that will help to alleviate this difficulty.

Scenario 5: Legacy Titles Not Yet Converted to Career Tracks

A few legacy titles are scheduled to be converted to Career Tracks in February, 2018; or may not yet have been mapped to Career Tracks. How should an HR Partner/Manager assess equity in these situations?

**Recommendation:** Connect with your Compensation Analyst for support and further detail.