



How Pay is Determined at Stanford University



Overview

- ❑ Guiding Principle to Determine Pay
- ❑ Job Classification
- ❑ Pay Competitively Within Relevant Labor Market
- ❑ Pay Structure
- ❑ Pay Administration



Covered Staff Populations

- ❑ The following compensation information applies to:
 - Exempt staff excluding executive officers and senior staff
 - Nonexempt non-bargaining unit staff

- ❑ This information does not apply to:
 - Employees covered by a bargaining unit agreement
 - Temporary or casual employees
 - Students



Guiding Principle

Stanford's compensation guiding principle to determine pay is:

1. Pay competitively within the relevant labor market for a position
2. Pay based on an individual employee's performance



Job Classification

In order to make a systematic comparison of Stanford positions to positions in the marketplace, positions must be ordered into classifications. Three basic questions are asked to determine a position's classification:

(1) To which of the 18 job families does the position belong?

Administration	Health Care Services
Alumni	Human Resources
Athletics	Information Technology Services
Child Development	Legal
Communication	Library
Development	Museum
Facilities	Research
Food Services	Security
Finance	Student Services

(2) Within the job family, what role does the position perform?

Administrative: Provides administrative or operational support and services to faculty, employees or students.

Professional: Provides professional expertise or services in professional or technical field.

Managerial: Manages a department or unit with formal supervisory responsibility; achieves results through subordinates.

(3) What is the position's level of responsibility (from 1 to 5)?

Responsibility level is determined based on 6 critical factors:

Technical/Business Knowledge	Decision Making
Problem Solving & Analysis	Degree of Impact
Independence	Communication/Contacts



Pay Competitively Within the Relevant Labor Market

Salary Surveys

Stanford participates in 7 major surveys each year to determine what the market is paying. Organizations surveyed represent diverse industry, high-tech industry, the public sector and other universities and research institutions.

Data is collected on jobs representing over 90% of the staff population.

Surveys tell us:

- What the market pays for positions similar to ours
- What our position to market is by job classification, job series, job family, and in aggregate
- What specific job classifications lag the market and may need special market adjustments



Pay Competitively Within the Relevant Labor Market

Salary Increase, Bonus, Pay Practice Surveys

Stanford analyzes surveys from 9 consultant groups to study pay practices of other organizations. The data is analyzed by different labor markets: Nationwide companies, Nationwide educational institutions, California companies, and Bay Area-Peninsula companies.

Data from these surveys represent over 7000 companies.

Surveys tell us:

- What salary program increases are planned by other organizations
- What bonus payouts are planned and employee participation rates
- How other organizations plan to adjust their pay structures
- Pay practice trends



Pay Structure

- ❑ The Pay Structure is market-based and is updated to reflect market trends.
- ❑ To update the pay structure we consider: external market growth of pay structures, market average salaries and Stanford average salaries
- ❑ Jobs with similar market value are assigned a particular pay range.
- ❑ University Compensation maintains a table of pay ranges, *i.e.*, minimum and maximum annual salaries. Pay ranges define what Stanford pays for a particular job.



Pay Structure

Stanford's pay structure consists of:

- 1 payline for classifications in the Administrative role
- 1 payline for classifications in the Managerial role
- 3 paylines for classifications in the Professional role

Individual salary placement in the pay range is based on:

- Employee performance
- Market average salaries
- Stanford average salaries
- Salary relationships



Performance-Based Pay Administration

- ❑ The annual staff salary program awards salary increases based on employee's performance and contribution (merit increases). Top performers are awarded with higher salary increases than employees who contribute less.
- ❑ A dispersion of merit increases (expressed as a percentage of an individual's base pay) is expected. Across the board merit increases are avoided.
- ❑ Employees performing at unsatisfactory levels do not receive merit increases.



On-Going Pay Administration

- ❑ Employees are eligible for a salary review:
 - Change in job level
 - Change in job role
 - Performance



New Hire Pay Administration

Considerations for determining new hire pay:

- Market demand for job skills
- Pay of employees in similar classifications within the work unit and across campus
- Candidate's relevant education and/or professional credentials
- Candidate's relevant experience
- Candidate's current rate of pay