FAQ: New Grid Structure/Modified Salary Schedule

Q. Why is the grid being changed?

A. In 2008, the University was advised that the legislature would only fund across-the-board pay adjustments for staff; it would no longer fund the cost of the annual step increases. A Compensation Task Force was formed to review the impact of this change and to recommend appropriate changes to compensation practice and regulation. The Task Force included representation from governance, administrative management and human resources throughout the UA system. The group was tasked to come up with a salary structure that allowed progression throughout the salary range, alleviated pay compression and provided neutrality in terms of cost. You can read more about the work of Compensation Task Force and its recommendations online at: http://www.alaska.edu/classification/compensation-information/.

Q. What is the new grid structure?

A. The new grid uses standardized 1% increments, replacing the current staggered grid (1-3% increments). Salary grades remain the same (71-84); however the steps have been renumbered. This new structure allows consistent progression within and between salary grades, alleviates pay compression, provides an equitable framework for pay adjustments and a simplified way of handling future changes to the salary schedule.

Q. What is salary compression and how does the grid affect it?

A. Salary compression occurs when too many employees, long-term as well as new hires, are clustered at the beginning of the salary schedule. This clustering of seasoned, long-term employees along with new hires on entry level steps is not reflective of the higher level of value that experienced employees contribute through advanced job knowledge and performance. New employees must be hired at competitive market rates and existing, long-term employees need to be able to gradually move up the scale.

The 1% grid design provides more options for implementing across-the-board adjustments. This allows for a two part implementation: simultaneous movement of all employees to a higher cell of the grid, combined with a “grid roll” in which the grid itself moves by a defined percentage. For example, if the across-the-board increase is 2.5%, the .5% increase could be done as a grid roll and, at the same time, distributing 2% by moving all employees’ two cells higher on the grid.

Q. Which employees will be affected?

A. All regular and term, benefitted, staff employees (does not include Crafts & Trades employees represented by Local 6070).

Q. Will my salary change?

A. Current employees will be placed on the step in the new grid that is equal to or greater than their current pay. Most employees will not notice a pay difference. Many pay rates will stay the same; some employees will see a small increase in their hourly wage of about 12 cents, on average. No employee salaries will be decreased.
Q. **What is the effective date?**

A. June 6, 2010, with any change in pay reflected in the paycheck you receive on July 2, 2010.

Q. **How will I be notified?**

A. Employees will receive written notice by mail to their home address.

Q. **How will future pay adjustments occur?**

A. Future across-the-board adjustments will occur as approved by the Board of Regents and funded by the legislature. In the past, these adjustments have been implemented through a single “grid roll” (increasing the entire grid by a fixed percentage). However, the 1% grid design provides more options for implementing across-the-board adjustments. This allows for a two part implementation: simultaneous movement of all employees to a higher cell of the grid, combined with a “grid roll” in which the grid itself moves by a defined percentage. For example, if the across-the-board increase is 2.5%, the .5% increase could be done as a grid roll and, at the same time, distributing 2% by moving all employees’ two cells higher on the grid. This approach helps alleviate salary compression as described earlier.

Q. **Will new steps continue to be added to the grid in future years?**

A. The simplified, 1% grid allows the Board of Regents to consider modifying the grid through the addition of a new entry level step when warranted. Factors such as market, recruitment and retention would be taken in to consideration in making this kind of decision.

Keep in mind that the new salary grid is just a tool; it is not currently, nor would it be under the new structure, a funding mechanism. Annual cost-of-living adjustments for staff have been, and will continue to be, up to the Board of Regents and, ultimately, the Alaska State Legislature.

Q. **What happened to the transition steps?**

A. There no longer is separate transition pay grid. The remaining transition steps have been incorporated into the new grid.

Q. **Why are there steps when we no longer have annual step increases?**

A. The new salary grid is compensation tool. The steps simply are a way to record pay rates and are necessary for consistent maintenance of payroll data. Progress through the salary range and the amount of a pay increase is determined by policy and regulation. For example, regulation says that an employee receives a 10% pay increase on promotion. On this grid, that means the employee would move up ten steps.

Q. **This new grid goes into effect on June 6, 2010. Will there still be an across-the-board increase in July for Fiscal Year 2011?**

A. Yes. Effective July 4, 2010, a 3% across the board salary adjustment will be implemented; it will be reflected in the paycheck you receive on July 30, 2010. This FY11 increase is a separate action from the revision to the salary grid.