



## **Pay Philosophy**

The Institute's pay decision guidelines emphasize:

- Continued development and expansion of skills
- Knowledge
- Performance
- Flexibility

Our goals:

- Compete for qualified staff in an evolving environment
- Pay employees equitably and fairly
- Be fiscally responsible.



## Pay Philosophy

MIT believes that it is important to consider both internal and external factors as pay decisions are made.

### Internal

#### Equity

- An individual's skills, knowledge, performance and job/position related experience as compared to others comparable positions.

### External

#### Market

- Monitoring the relevant labor market for movement as compared to other academic institutions and cross Industry
- A comprehensive market review is conducted at a minimum, once a year utilizing salary data from multiple salary surveys, and gathering additional data from Staffing Services, Hiring Managers and the HRO's.



## **Types of Salary Increases**

- Promotions
- Increase in Job/Position Responsibility
- Lateral Transfers
- Merit Increases



## Promotions

Typically increases are between 5%-15% - The factors to consider include:

- How proficient is the employee in meeting the requirements for the new job/position?
- Where is the employee's current pay in relation to the targeted pay level or range?
- How does the employee's recommended salary compare with that of others in the same or similar job/position?
- How does the employee's recommended salary compare with that of his or her supervisor and where appropriate, direct reports?



## **Increase in Job/Position Responsibility**

Typically increases are up to 5% - The factors to consider include:

- **Knowledge, Skills, & Expertise**
- **Decision Making**
- **Communication Effectiveness**
- **Critical Thinking and Problem Solving**
- **Responsibility and Accountability**



## **Lateral Transfers**

Typically increases are between 0%-5% - The factors to consider include:

- **Knowledge, Skills, & Expertise**
- **Collaboration**
- **Communication Effectiveness**
- **Influencing and Leading**
- **Critical Thinking and Problem Solving**
- **Responsibility and Accountability**



## **Job/Position Evaluations**

When a new position is created or an existing position has changed significantly.

### **Internal factors**

- Equity issues
- The structure of the Department or School where the job/position resides
- Similar job/positions elsewhere in the Institute
- The knowledge, skills, and expertise required of the incumbent.

### **External factors**

- Data from salary surveys for similar job/positions in similar settings
- Recruitment Information
- Fair Labor Standards Act (FLSA) 1938

**Exempt - salaried employees not eligible for overtime**

**Non-Exempt - hourly paid employees eligible for overtime for all hours worked over 40 hours per pay week; prior approval for overtime hours must be granted by supervisor/manager.**



## Understanding Salary Ranges

The full salary range represents the range of competitive pay in the market. It is designed to accommodate a wide range of skills, experiences and performance levels.

The *range minimum* - Typically offered to employees who possess the minimum qualifications and who are expected to perform the basic position duties and responsibilities after normal training. These individuals are still learning aspects of the job and often have limited experience.

The *midpoint* is considered appropriate for experienced and fully qualified employees whose performance fulfills the major requirements of their position, and who regularly perform most aspects of their job effectively and independently.

The *maximum* of the range is considered the upper limit of the salary opportunity in a grade for a highly experienced employee. This individual should be knowledgeable in his/her job and related areas, may have specialized skills and perspectives, and may serve as an expert resource, role model, and/or mentor.



## **EVALUATING PAY**

Equity is a comparison of pay for employees in similar jobs and usually includes analyzing the following:

- v Job Content (to ensure that employees are, in fact, doing similar work)
- v Years of Experience (at MIT or externally)
- v Education
- v Job-Related Knowledge
- v Skills (required and “premium”)
- v Technical Expertise
- v Performance



## IDENTIFYING POTENTIAL PAY ISSUES

Indications that an equity and/or market problem exists:

- ♣ Difficulty hiring people with the needed skills and experience
- ♣ Higher-than-expected turnover
- ♣ Employees leaving for higher pay (as compared to changing careers or jobs, relocating, etc.)
- ♣ Candidates turning down offers due to low salaries



## Responding to Pay Issues

### ANALYSIS

- ♣ collects market data to determine competitive pay for individuals who are considered to be experienced
- ♣ determines which incumbents meet this criteria and how their pay compares to the market
- ♣ reviews incumbents with different levels of skill and experience and determines where they should be paid, relative to the market and each other
- ♣ investigates whether similar jobs exist in other areas of the Institute and collects pertinent information on how these jobs are paid

### RECOMMENDATIONS

An adjustment may be warranted or the recommendation may be to continue to monitor the situation. The Compensation Office works with the Manager and the HRO's in conjunction to find an appropriate solution. Communication with the employee is usually handled by their direct supervisor or manager.