

## Career Banding Salary Administration

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### Contents:

- [Policy](#)
- [Agency Plan](#)
- [Career Banding Terms](#)
- [Pay Factors](#)
- [Salary Determination](#)
  - [New Hire](#)
  - [Reinstatement](#)
  - [Promotion](#)
  - [Reassignment](#)
  - [Band Revision](#)
  - [Reallocation](#)
  - [Horizontal Transfer](#)
  - [Demotion](#)
  - [Career Progression Adjustment](#)
  - [Retention Adjustment](#)
  - [Grade Band Transfer](#)
- [Promotional and Reemployment Priority](#)
- [Effective Date](#)
- [Management Responsibilities](#)
- [Agency Responsibilities](#)
- [Office of State Human Resources Responsibilities](#)
- [Human Resources Commission Responsibilities](#)

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### Policy

It is the policy of the State to compensate its employees at a level sufficient to encourage excellence of performance and to maintain the labor market competitiveness necessary to recruit, retain and develop a competent and diverse work force.

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### Agency Plan

Each agency is responsible for developing a Salary Administration Plan that ensures fair and equitable employee treatment through consistent application of career banding policy and guidelines. Pay decisions are the responsibility of individual agencies within policy and guidelines. In all cases, agency management must consider Pay Factors and provisions of the agency's Salary Administration Plan. Agency management is responsible for documenting the salary decisions and assuring that equity is maintained in accordance with the agency plan.

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## Career Banding Salary Administration (continued)

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### Career Banding Terms

**Competencies:** Sets of knowledge, skills and abilities that employees need to successfully do their job. Competencies must be demonstrated on the job, measured according to standards set by the organization, and required of the job based on the organization's needs.

**Contributing Competencies:** The span of knowledge, skills and abilities minimally necessary to perform a job from entry up to the journey competencies recognized for the class.

**Journey Competencies:** Fully acquired knowledge, skills and abilities demonstrated on the job that are beyond the contributing competencies.

**Advanced Competencies:** The highest or broadest scope of knowledge, skills and abilities demonstrated on the job that are beyond journey competencies.

**Market Index:** A ratio of an employee's salary to the appropriate market rate. It is calculated by dividing the employee salary by the market rate. The index is expressed as 100 being at market, with 95 indicating 5% below market and 105 indicating 5% above market.

**Market Rate:** Average pay rate as determined by the Office of State Human Resources when comparing benchmark jobs to relevant local, state or national organizations that recruit and hire employees with the same or similar competencies. Rates are determined for each competency level (contributing, journey and advanced).

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## Career Banding Salary Administration (continued)

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### Pay Factors

**Financial Resources** -The amount of funding that a manager or organization has available when making pay decisions.

- Agency business need (budget)

**Appropriate Market Rate** - The market rate applicable to the functional competencies demonstrated by the employee.

- Journey market rate guidelines/market reference rate guidelines and related market information
- Market dynamics

**Internal Pay Alignment** - The consistent alignment of salaries among employees who demonstrate similar required competencies in the same banded class within a work unit or organization.

- Internal pay alignment (equity)
- Current salary and total compensation

**Required Competencies** - The functional competencies and associated levels that are required based on organizational business need and subsequently demonstrated on the job by the employee.

- Minimum qualifications for class
- Knowledge, skills, and abilities
- Related education and experience
- Duties and responsibilities
- Training, certifications, and licenses

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### Salary Determination

The salary for an employee who demonstrates required competencies with an overall Contributing competency level shall be below the journey market rate guidelines, as established by OSHR, but not below the minimum of the banded class salary range.

The salary for an employee who demonstrates required competencies with an overall Journey competency level shall be within the journey market rate guidelines, as established by OSHR, unless financial resources or other Pay Factors prevent this.

## Career Banding Salary Administration (continued)

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The salary for an employee who demonstrates required competencies with an overall Advanced competency level shall be above the journey market rate guidelines, as established by OSHR, unless financial resources or other Pay Factors prevent this. Salaries shall not exceed maximum of the banded class salary range.

Salaries paid as a result of recruiting shall not exceed a maximum amount published for recruitment purposes in a vacancy announcement.

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### SALARIES SHALL BE IN ACCORDANCE WITH THE FOLLOWING PROVISIONS:

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#### New Hire

**Definition:** Initial State employment of an individual to a position in a banded class.

**Salary Eligibility:** Salary shall be set based on application of all Pay Factors.

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#### Reinstatement

**Definition:** Reemployment of a former employee into a banded position after a break in service (defined as 31 calendar days)\_or reemployment of an employee in a banded position from leave without pay (LWOP).

**Salary Eligibility:** Salary shall be set based on application of all Pay Factors. Reinstatement from LWOP into previous position shall be previous rate unless a higher rate is justified with across-the-board increases or as a career progression adjustment.

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#### Promotion

**Definition:** Employee movement from one banded position to another with a higher market rate

**Salary Eligibility:** Salary shall be based on application of all Pay Factors.

## Career Banding Salary Administration (continued)

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An agency must submit written justification to the Office of State Human Resources for review and approval prior to implementing a salary increase of 20% or more.

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### Reassignment

**Definition:** Employee movement from one banded position to another with a lower market rate

**Salary Eligibility:** Salary shall be based on application of all Pay Factors. If employee's current salary exceeds appropriate rate based on Pay Factors—and reassignment is not by employee choice, salary may be maintained, except the salary may not exceed the maximum of the banded class salary range. If reassignment is by employee choice, and the current salary exceeds the appropriate market rate based on the pay factors, the salary shall be reduced to the appropriate rate.

An agency must submit written justification to the Office of State Human Resources for review and approval prior to implementing a salary increase of 20% or more.

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### Band Revision

**Definition:** Any change in a Career-banded salary range as a result of routine or special labor market reviews and approved by the Human Resources Commission. Typically this will result in a change in the minimum, contributing, journey, advanced and maximum rates for the band but may not necessarily mean a change in all five reference points. However, for a band revision to occur, at least the journey market rate must change.

**Salary Eligibility:** Salary increases as a result of band revisions are not rewards for job performance, assumption of greater responsibility or achievement of higher competency levels. Increases provided by this policy are for maintenance of market competitive pay levels for affected employees. Subject to the availability of funds, satisfactory performance, and application of pay factors, salary increases shall be awarded at least to the minimum of the new range. Salary increases above the minimum of the range

## Career Banding Salary Administration (continued)

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may be awarded but shall not exceed the difference between the old journey market rate and new journey market rate.

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### Reallocation

**Definition:** Assignment of a banded position/employee to a different banded classification approved by the Human Resources Director or designee and documented through data collection and analysis according to customary professional procedure the processes and procedures outlined by the Office of State Human Resources in the Classification Basics Training.

**Reallocation Up:** Employee assignment to a different banded classification with a market rate higher than the employee's current market rate.

**Reallocation Down:** Employee assignment to a different banded classification with a market rate lower than the employee's current market rate.

**Salary Eligibility:** Salary shall be based on application of all Pay Factors.

An agency must submit written justification to the Office of State Human Resources for review and approval prior to implementing a salary increase of 20% or more.

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### Horizontal Transfer

**Definition:** Employee movement from one banded position to another with the same market rate

**Salary Eligibility:** Salary shall be based on application of all Pay Factors. If employee's current salary exceeds appropriate rate based on Pay Factors and the transfer is not by employee choice, salary may be maintained except the salary may not exceed the maximum of the class salary range. If the transfer is by employee choice, and the current salary exceeds the appropriate rate based on the pay factors, the salary shall be reduced to the appropriate rate.

## Career Banding Salary Administration (continued)

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An agency must submit written justification to the Office of State Human Resources for review and approval prior to implementing a salary increase of 20% or more.

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### Demotion

**Definition:** Change in employee status due to disciplinary action as outlined in Section 7 of the Human Resources Manual, resulting in:

- employee movement from one banded position to another with the same banded classification with a lower competency level, or
- employee movement from one banded position to another with a different banded classification with a lower market rate than the employee's current market rate, or
- reduction in salary within same banded class.

**Salary Eligibility:** When demotion results in movement to another banded class, salary shall be reduced if it exceeds the maximum of the salary range. When demotion results in salary reduction in same banded class, salary may not be less than the minimum of the salary range. A salary reduced by disciplinary action may be less than appropriate rate based on Pay Factors.

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### Career Progression Adjustment

**Definition:** A salary adjustment within the salary range of the banded class to which an employee is assigned. A career progression adjustment may be granted in conjunction with demonstrated competencies or as justified through labor market as follows:

- Competency/Skill: documented change in duties and responsibilities result in increased/decreased knowledge, skills and abilities at the same overall competency level.
- Competency Level Change documented change in duties and responsibilities result in increased/decreased knowledge, skills and abilities at a higher or lower overall competency level within the same banded classification (Note: change in

## Career Banding Salary Administration (continued)

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overall competency level that results from disciplinary action shall follow the demotion provisions of the policy.)

- Labor Market - Employee's salary is low in relation to market guidelines applicable to employee's knowledge, skills and abilities required of the position; or employee's salary is low in relation to market when compared to other employees performing the same type and level of work.

**Salary Eligibility:** Salary shall be based on application of all Pay Factors. Employees with active warnings/disciplinary actions or with overall below good or unsatisfactory ratings are not eligible for a career progression adjustment based on competency assessment.

An agency must submit written justification to the Office of State Human Resources for review and approval prior to implementing a salary increase of 20% or more.

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### Retention Adjustment

**Definition:** A salary increase not covered by other pay administration policies that may be necessary to retain a key employee where there is a written job offer from an employer outside the State government structure which provides greater compensation without increased competencies and there is no current employee with substantially equal competencies to assume those duties. Eligible employees shall have a satisfactory performance rating.

**Salary Eligibility:** A retention adjustment may result in an employee's salary being above the appropriate rate based on Pay Factors. The salary shall not exceed the maximum of the pay range.

An agency must submit written justification to the Office of State Human Resources for review and approval prior to implementing a salary increase of 20% or more.

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## Career Banding Salary Administration (continued)

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### Grade – Band Transfer

**Definition:** Employee movement between banded classes and graded classes.

#### **Salary Eligibility:**

Grade to Band: Salary is established based on application of all Pay Factors for career banding. At time of implementation of a job family or branch, the salary may be maintained except it cannot exceed the maximum of the banded class salary range. Salaries that are below minimum of the banded class at implementation must be adjusted to minimum when funds become available. This adjustment may be retroactive to implementation date.

An agency must submit written justification to the Office of State Human Resources for review and approval prior to implementing a salary increase of 20% or more.

Band to Grade: Salary is established by the New Appointments Policy for graded classes.

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### Promotional and Reemployment Priority

Since career banding is not implemented for all occupational families, employees in career banded classes will be assigned a grade equivalency only for promotional and reduction in force (RIF) reemployment priority purposes as stated in Section 2 of the Human Resources Manual. The grade is not a determining factor in establishing salary for career-banded employees.

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### Effective Date

The effective date of all personnel actions for career-banded employees shall be on a current basis except for actions to adjust salaries to minimum with implementation

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## Career Banding Salary Administration (continued)

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### Management Responsibilities

Agency management shall be responsible for the following:

- Communicating career banding to employees
- Developing career development plans and coaching employees with a goal of the employee contributing to organization's success at the highest level allowed by the business needs
- Applying the Pay Factors correctly and equitably in determining employee pay

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### Agency Human Resources' Responsibilities

The agency shall adopt a Salary Administration Plan that has the following components:

- Provide initial and continued training of all managers in career banding.
- Provide technical support for managers making compensation decisions.
- Requires documentation of each compensation decision describing how Pay Factors are applied in making the compensation decision.
- Requires that managers be held accountable for providing career development assistance and the correct and equitable use of the Pay Factors in making compensation decisions through use of the performance management and disciplinary processes as outlined in the Human Resources Manual.
- Provide regular auditing of compensation decisions for the appropriate application of Pay Factors.
- Provide information to OSHR upon request for monitoring purposes.

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### Office of State Human Resources Responsibilities

The Office of State Human Resources shall:

- Provide training and consultation to agency human resources staff.
- Provide salary administration guidelines and procedures.
- Establish, maintain and make available compensation guidelines, including journey market rates (statewide).
- Develop a data system and design tools to evaluate and monitor the agency's career banding program, to include: salary decisions; internal pay alignment;

## Career Banding Salary Administration (continued)

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data supporting market reference rates, documentation relating to employees' competencies, experience, and training; demographic distribution of employee actions via occupation, division, and organization.

- Develop a self-assessment program and require that agencies periodically conduct self-audits and report the results to the Office of State Human Resources.
- Include auditing of the Career Banding Program in regular agency performance audits.

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### Human Resources Commission Responsibilities

The Human Resources Commission shall:

- Approve job family pay bands.
  - Approve career-banded classes within job families.
  - Approve career-banding salary administration policy revisions.
  - Approve band revisions based on labor market findings.
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