

## **April 1: Budgeting for Salaries**

The term “member” applies to those who attended the Roundtable and contributed by speaking or in the chat. Individual names and library names are not used to keep information anonymous.

The icebreaker for today’s Roundtable was what is your favorite frozen treat. Today’s members came from a range of backgrounds from HR Director to Finance Manager.

### **How does your library budget for increases?**

Members discussed various methods for budgeting salaries and determining pay increases.

- Several libraries use market equity increases and utilize HR Source for benchmarking every 2 years. This ensures the libraries are staying on track with the market and that no employee gets left behind or kept out.
- One member’s library uses a combination of merit-based increases and market adjustments.
- Another uses across-the-board cost of living adjustments (COLA) while also considering market rates, regardless of employee performance. This organization tries to fall within the market range to stay competitive. Using an across-the-board COLA and market rates helps keep salary increases the same for all staff.
- One member’s library recently used MGT, an alternative to HR Source, for their compensation study, which provided detailed analysis including years of service considerations. Though staff had some concerns about compression, MGT found no issues.

While HR Source was the company many libraries used for benchmarking, it’s not a bad idea to try someone different. MGT was the only other company mentioned. For this member’s library, MGT conducted interviews with staff, collected salary info from all staff, reached out to other libraries, etc. MGT brought together a budget that included looking at years of service and using milestones to set standards for percentage increases. (An employee who’s been at the library for x amount of years should get x percentage increase.) MGT also advised on how to bring an employee up to where they should be and left it up to the library on how to handle increases for lower performing employees.

A member brought up compression. Their library has union and non-union staff. Union staff, obviously salary increases comes during negotiations. They’re now seeing compression issues with non-union staff. Previously, they’ve used market equity increases but this time around, are struggling with how to address this appropriately.

## **How to bring green circle employees up to market equity level. How do you handle this?**

Green Circle Employees – employees who are below market equity level and need to be brought up.

- Try to bring them up to the mid-point. (Merit and market equity)
- Come up with a game plan. You first have to determine how much your budget can handle within a cycle (fiscal year). How much money is available to address the concern? Are you also dealing with compression issues? Sometimes you think there's a big problem but there isn't.
- Determine years of service, how many people are in this position, and how much money is available. If multiple people are in this position, start with seniority.
- Be transparent through the entire process. Communicate with staff who are in this position about what the process will look like and why.
- This is best done in layers (tier system). Sometimes you can bring everyone up at the same time (within the same budget) but often this isn't possible. (Sometimes look at performance – in this case, bring them to the mid-point.) For years of service, focus on bringing them to the minimum-point.
- It's important to make sure the metrics you're using are not biased, though there's an inherent bias in merit increases (but this is a whole other conversation).
  - Objective measures, such as years of service, are best so that there's an understanding as to why the increase is happening how it is, if you aren't able to do it all at one time. (Do you have the data to back up performance increases? Is it written down somewhere?)

This isn't a look at it once and you're done but to look at continuously/every year.

One member's library had several green circle employees who were often lower-performing staff. When the \$15 minimum wage was announced, they went ahead and started planning on how to bring staff who weren't at this rate up to it ahead of the law taking effect. They then looked at performance to get them *above* the minimum. If you have a benchmarking process or paygrade process in place, you can make additional considerations to get everyone up to the minimum point. From here, determine where the gaps are and then see if you can come up with an average percentage that you can use for an across-the-board percentage that fits within your budget.

## **If you do COLA, how do you come up with the percentage you're giving to stick within the overall budget?**

- Social Security announces what COLA increases will be.
- HR Source usually puts out a suggested increase.

- CPI Index – provides several rates and can be a good starting point.
- Touch base with other libraries to see what they're doing.
- Even with COLA, it's a good idea to create a pay/salary structure if you don't have one.

### **What about red circle employees?**

Red Circle Employees – employees who're at or above the max market equity level.

- Determine what percent increase they were going to receive for the year and pay it out as a lump sum bonus. This seems to be the standard and tends to be the staff who've been employed the longest. The bonus acts as a recognition of their work and years of service.
- Benchmarking helps to avoid having lots of red circle employees as "everyone gets a raise every year" may not be the best for the budget.
- May eventually fall back into the range and be eligible for increases.
- Sometimes, if the budget is very tight, no increase or bonus for red circle employees. This is difficult to have to do and a difficult conversation to have to have but it may be unavoidable.

### **How do you define your market?**

- PayScale has a tool to see what a job is worth.
- Often looking at libraries of similar size, similar budget, and similar population served.
- For positions that exist outside of the library world (IT, Public Safety & Security, etc.) look at local businesses with similar positions to see what pay is (non-library data). This can help because these positions may be higher paid outside of the library world but it may be in the range/competitive for libraries.
  - Have to keep in mind that people may leave for a better paying job that isn't at a library but is in their sector.

Food for thought: Why can't/aren't librarians and library staff paid the same as other public service workers?

### **Recognize what the budget limits are so what else can be done? Are there non-monetary ways to increase the value proposition you're providing to your staff?**

What happens when there's an economic downturn and taxes diminish? Employees still expect/want pay increases. You have to be aware of what's going on in your area and beyond.

Salary time can be a tense, difficult time especially for small libraries with limited budgets. It's not unlikely an employee at a small library with limited budget is able to support a family on their salary alone. One library with this situation has great flexibility, ample sick time and PTO, and an ease of switching shifts or needing to leave early for something. Need to bring your kids?

(Can even bring your dog if you absolutely had to.) The culture of this library helps offset that they don't have a high pay scale. For small libraries, have to look at what's going on outside but offering other benefits (birthday off with pay and you can select the day; it doesn't have to be your actual birthday). Staff is usually very happy, likely because of these benefits, and they feel appreciated and heard.