Before Career-banding: Graded SPA Classification System

- Classification System developed in 1949 was not kept current with changes in technology or how we do business.
- System had grown to more than 6,000 classes.
- Employee pay within the salary range not always managed well in graded system.
Why did OSP decide to change?

From a Management Perspective

- Managers felt that they had little involvement in classification and pay determination
- Pay policies and rules were too restrictive
- Budget process did not support the pay policies and rules of the graded system
- Too much time was spent on classifying jobs with too much emphasis on salary grades
Why did OSP decide to change?

From an Employee Perspective

- Employees believed they were not paid based on market information and their job contribution
- Employees believed their knowledge/skills/abilities were not recognized or rewarded
- Employees were not encouraged to develop skills aligned with the organization’s business needs
Why did OSP decide to change?

From an HR Perspective

- Pay policies and rules were too restrictive
- Too much time was spent on classifying jobs with too much emphasis on pay grades
- Rules hard to explain to both Managers and Employees
Why did the University decide to change?

Piloted programs in Law Enforcement and Information Technology demonstrated:

- Flexibility for different campus organizational structure
- Ability to adjust to campus markets
- Retention gains
  - At NC State, market based Career–banding in Law Enforcement resulted in a decrease in voluntary turnover from 13.64% in fiscal year 2003–04 to 8.7% in fiscal year 2004–05
  - UNC–G saw turnover in Law Enforcement drop from 30% in 2004 to approximately 10% following the implementation
Career-banding Philosophy

To positively impact the State’s ability to:

- Recruit, retain, and develop a qualified, motivated, and diverse workforce
- Emphasize competencies and demonstrated proficiency on the job
- Promote career development
Career-banding is a simpler classification and compensation system

- Collapses similar graded classes into more generic titles
- Has wider pay ranges
- Allows pay movement based on the development and demonstration of competencies (knowledge, skills and abilities)
- Emphasizes career development
Career-banded Class Structure

- Estimated 400 total classes would be developed at completion
- 243 were developed before implementation halted
  - 93 classes for both Agency and University use
  - 93 classes for University use only
  - 57 classes for Agency use only
Major Components of Career banding

- Job Family Structure
- Market Pay Structure
- Competencies
Job Family Structure

1. Administrative and Managerial
2. Information Technology
3. Law Enforcement and Public Safety
4. Information and Education
5. Human Services
6. Medical and Health
7. Institutional Services
8. Operations and Skilled Trades
9. Engineering and Architecture
10. Natural Resources and Scientific
Job Family Structure

Job Family
Administrative and Managerial

Branch
Human Resources

Banded Class
HR Specialist

Banded Class
HR Consultant

Banded Class
HR Manager
Market Pay Structure

Each banded class has three levels with points of pay:

- Contributing
- Journey
- Advanced
# Market Pay Structure

## Wider Pay Ranges

<table>
<thead>
<tr>
<th>Current Class Title and Grade:</th>
<th>Banded Title and Range:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grade 70 $38,000 - $61,000</td>
<td>Human Resources Consultant - $38,000 - $80,000</td>
</tr>
<tr>
<td>Personnel Analyst I</td>
<td></td>
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<tr>
<td>Grade 72 $41,000 - $54,000</td>
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<tr>
<td>Personnel Analyst II</td>
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<tr>
<td>Grade 74 $45,000 - $74,000</td>
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<tr>
<td>Personnel Analyst III</td>
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</tbody>
</table>
Market Pay Structure

Pay Factors – FAIR

- Financial Resources: The amount of funding that a manager has available when making pay decisions
- Appropriate Market Rate: The market rate applicable to the competencies demonstrated by the employee
- Internal Pay Alignment: The consistent alignment of salaries for employees who demonstrate similar required competencies in the same banded class within a work unit or organization
- Required Competencies: The competencies and associated levels that are required based on organizational business need and demonstrated on the job
Market Pay Structure

Career–banding and Pay at UNC

- Career–banding implementation was unfunded, therefore implementation was cost neutral
- New market rates meant there was a need to bring some employees to a new minimum rate of pay
- Campuses were allowed to fund through redistribution of promotion, reallocation, in–range and other increases previously being awarded in the graded system
- Some pay increases were funded through one–time availability of Legislative salary adjustment funds
Competencies

- Workforce Planning
- Training and Development
- Recruitment and Staffing
- Compensation
- Performance Management & Competency Assessment
**Competencies**

What are Competencies?

- Set of knowledge, skills and abilities required by and demonstrated on the job
- Their attainment and demonstration on the job increases the potential level of work for an employee
- An increase in competencies which are needed by the organization, applied on the job, and necessitated by job change can be used as a basis for an increase in pay
- Competencies needed for, and demonstrated on the job determine pay, rather than years of service
- Competencies are assigned to both the job and the employee
Competencies

Competency Levels

- **Contributing**: knowledge, skills, and abilities minimally necessary to perform work in a banded class from entry up to journey

- **Journey**: fully applied body of knowledge, skills, and abilities required for a banded class

- **Advanced**: the highest or broadest scope of knowledge, skills, and abilities required in the banded class
Pay Based on Competencies

Employee Competency Assessment

Contributing | Journey | Advanced
---|---|---
Comp A   | X   |  
Comp B   | X   |  
Comp C   | X   |  
Overall  | X   | Employee’s Pay

Min  | Contributing Rate | Journey Market Rate | Advanced Rate | Max
Pay Based on Competencies

Employee Competency Assessment

Contributing   Journey   Advanced

Comp A         X
Comp B         X
Comp C         X
Overall        X

Employee’s Pay

Min: Contributing Rate   Journey Market Rate   Advanced Rate
Max
Pay Based on Competencies

Employee Competency Assessment

<table>
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<tr>
<th></th>
<th>Contributing</th>
<th>Journey</th>
<th>Advanced</th>
</tr>
</thead>
<tbody>
<tr>
<td>Comp A</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Comp B</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Comp C</td>
<td></td>
<td>X</td>
<td></td>
</tr>
</tbody>
</table>

Overall | X

Employee’s Pay

Min | Contributing Rate | Journey Market Rate | Advanced Rate | Max
As a Classification and Compensation System, Career-banding:

- Encourages employees to improve their skills and plan their careers
- Encourages managers to be involved in the classification and compensation process
- Facilitates the hiring of new employees who have the necessary competencies needed to do the work
- Focuses on career development activities relative to the business needs
Good for Employees

- Take a greater personal responsibility for career management
- Develop competencies and skills that are valued by the organization
- Contribute to the accomplishment of the organization’s mission through continued demonstration of competencies
- Reward for competencies developed and demonstrated on the job
- Better opportunity to develop a career path within state government
Workforce planning to suit business needs
Targeted competencies when recruiting and staffing
Ability to better plan for training needs
Budget planning is based on real market data
Employees paid above/below market are obvious
Compensation decisions are based on employees’ relative market value
With oversight from human resources, more actively involved in career development of employees and pay decisions
Focus on meeting business needs and appropriate pay versus justifying a classification level
Career–banding Results for UNC

- All SPA positions were banded effective June 30, 2008
- UNC moved from 900 graded classifications to 186 banded classes
Career–banding Results for UNC

There were monetary gains

- Prior to Career–banding, UNC SPA employees lagged the market by 12%
- After implementation, approximately 7% behind
  - Campuses that had resources gave position to band market adjustments
  - Legislature gave UNC salary adjustment fund monies of $11 million in FY 2008
- In current economy, again losing ground to market
OSP maintains a Career–banding site:  
http://www.osp.state.nc.us/CareerBanding/index.htm

- the Career–banding Salary Administration Policy
- a list of all banded classes by job family and branch
- Competency Profiles for each banded classification
- Classification Specifications for each banded classification
- a dictionary of competencies
- a dictionary of Career–banding terms
Career-banding Resources

GA is building a Career-banding site:

- [http://www.northcarolina.edu/hr/unc/class_comp.htm](http://www.northcarolina.edu/hr/unc/class_comp.htm)

We encourage your submissions!