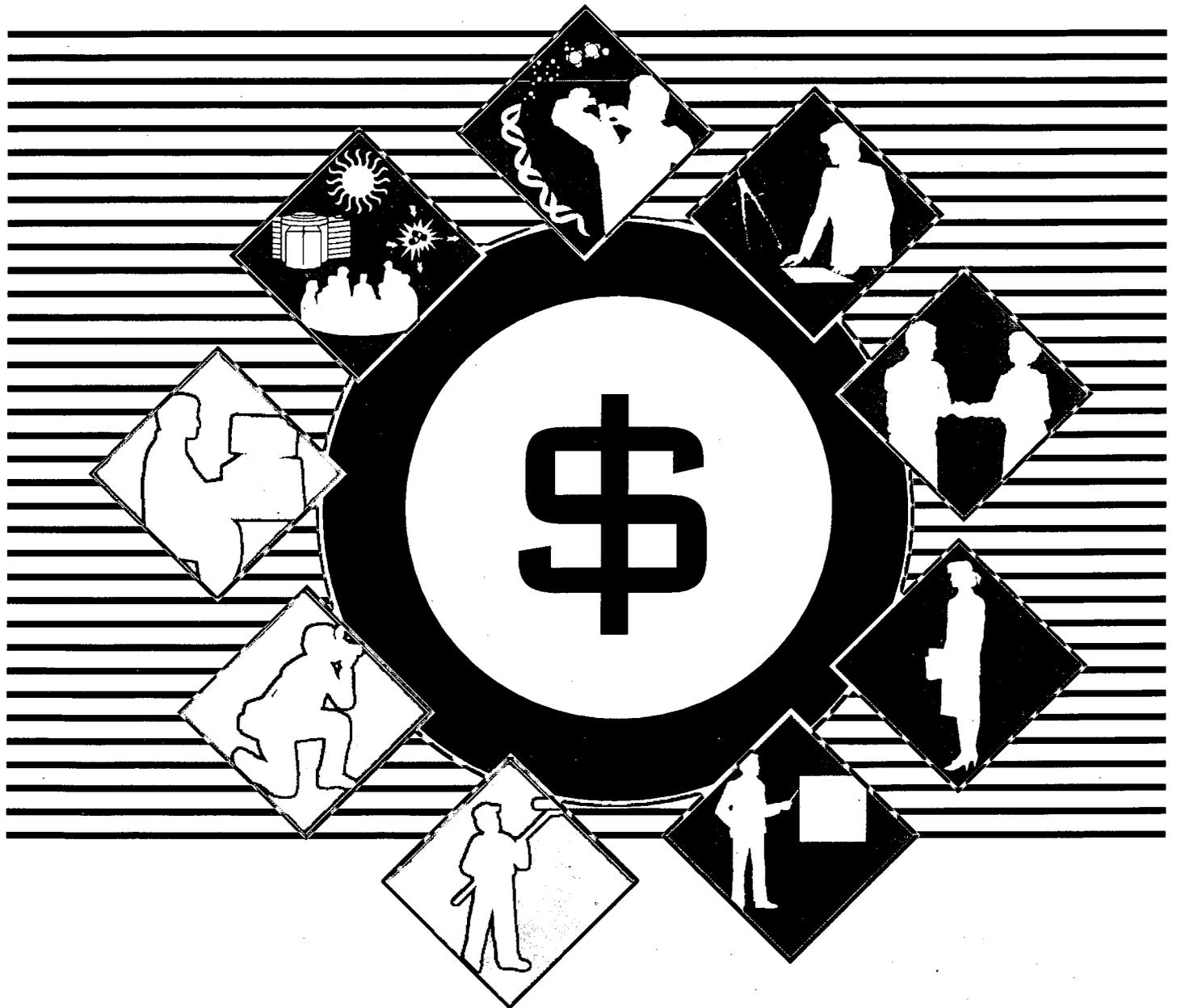


About Your Pay

The Supervisor's Guide



October, 1997

Ernest Orlando Lawrence Berkeley National Laboratory

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A shaded background (like this one) indicates information contained in the *Supervisor's Edition* only. Unshaded sections are identical to the text found in the *Employee's Handbook - About Your Pay*. The *Supervisor's Edition* is intended to be more directive in nature and should allow you to put many of the Laboratory's Compensation Policies and Procedures in a more positive context for all employees.

About Your Pay, your compensation handbook, contains essential information about the Laboratory's Compensation Policies and Procedures. We encourage you to read this handbook and keep it in a convenient place. It is intended as an overview of the Lab's policies and procedures – it is not a contract of “employee rights” or “supervisor absolutes,” nor does it attempt to offer an answer for every situation.

Represented Employees should always refer to their union contract regarding questions about pay; the union contracts supersede any information contained in this handbook.

Scientists and Engineers have a separate section in this document.

Please contact your supervisor or division personnel administrator with questions.

Additional Policies Your group may have developed guidelines, procedures, or signoff requirements in addition to the ones given here. You can find out about these from your supervisor.

Updates From time to time, new policies or procedures will be announced in bulletins, memos, or other Laboratory publications. You should keep copies of these.

When it becomes necessary, the Human Resources Department will update this whole booklet and you will receive a new copy.

Suggestions If you have suggestions for improving this handbook, please fill out the comment sheet on the last page of the booklet and send it to the Human Resources Department at MS 938A or send your comments via e-mail to the Human Resources Department.

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Letter from the Director

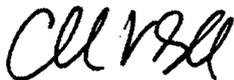
Dear Colleague:

With this publication, About Your Pay—The Supervisor's Guide, Berkeley Lab is giving managers and supervisors a valuable tool for explaining the Laboratory's compensation plan. I am pleased to send you this manual, and I encourage you to study it carefully.

While the Laboratory has long had a merit-based pay system, this represents the first attempt to communicate the information systematically and broadly. This document should enable you to understand how employee performance is rewarded and to be conversant with the compensation program's components so that you can explain them clearly.

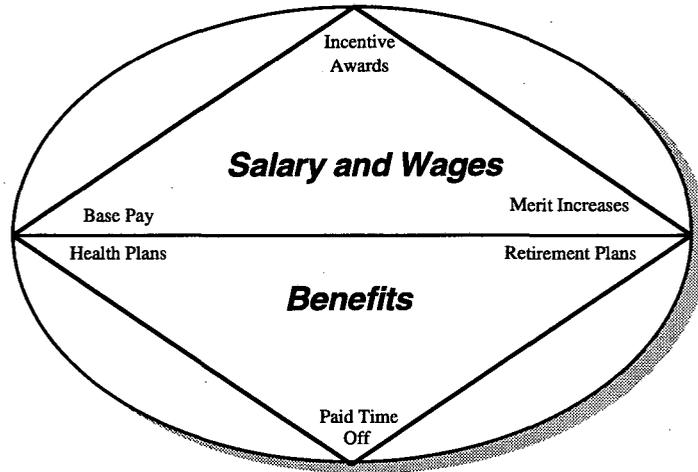
I believe you will find this to be a very useful guide. Should you have questions or comments, do not hesitate to contact the Human Resources Department directly.

Sincerely,

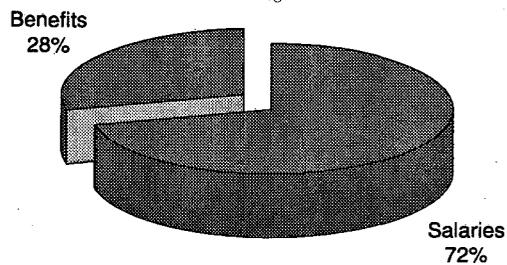


Charles V. Shank

Compensation Philosophy. The goal of Lawrence Berkeley National Laboratory's Compensation Program is to attract, motivate and retain outstanding employees who will contribute to the Laboratory's long-term success as a premier, multiprogram research and development organization with an international reputation for conducting research of the highest scientific quality.



Components of Your Pay. Your total compensation is made up of a complementary set of salary and benefit programs. Although this booklet describes only your salary and wages, it is important to note that our benefits program is also very competitive in the marketplace, and is not only a cost to the Laboratory but is also part of your total compensation. *Note: Not all job classifications are eligible for all of the components, and some are eligible for different reward levels.*



Benefits. Your benefit package has several components to it. Your benefits are summarized in the following categories. This is not an exhaustive list; please see either the Lab's Benefits Web Page or brochures periodically sent to you for a more detailed review.

- ***Paid time-off benefits.*** For example, vacation, sick and holiday pay.
- ***Health, dental and vision benefits.***
- ***Retirement benefits.*** For example, 403b (pre-tax) and 401a (after tax). There are six UC-managed funds and one from Fidelity Investments to choose from.
- ***Other.*** For example, Short-Term Disability, life insurance and optional life insurance up to four times your annual salary, Workers' Compensation, Long-Term Disability, Family Leave, Accidental Death and Dismemberment Insurance, pre-tax Dependent Care and Legal Insurance.

Base Pay. Base pay is the largest component of your pay. Base pay can be best described as your hourly/monthly wage rate. Base pay is subject to review once a year based on market conditions.

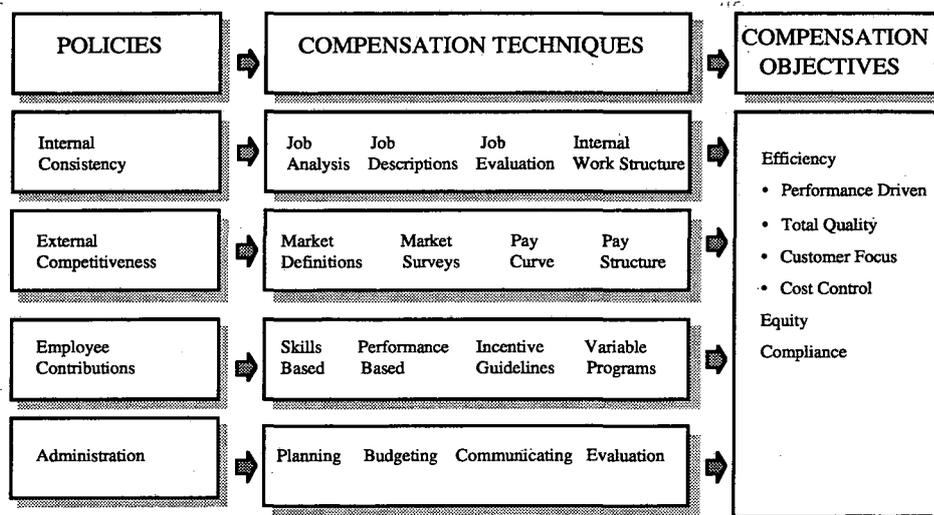
Merit Increases. Merit increases are used to recognize your individual contribution to the Laboratory and are linked to your annual performance appraisal. Generally speaking, the higher your performance, the higher the salary for which you are eligible.

SPOT Awards. SPOT awards are special cash payments that recognize outstanding performance “on the spot.” SPOT awards range from \$50 to \$150 (with an annual maximum of \$300) and are a way of saying thanks for a job well done. Both individuals and teams are eligible for SPOT Awards. Program guidelines and eligibility criteria exist; the criteria for nomination are more fully detailed in the *Salary Administration Manual*.

Outstanding Performance Award (OPA). Like a SPOT award, an OPA is a way of recognizing outstanding performance; however, the OPA is much larger than a SPOT award. The OPA is generally in the range of \$500 to \$5,000, depending on your job classification and the extent of the accomplishment. While SPOT awards can occur throughout the year, OPA nominations normally occur three times a year. Both individuals and teams are eligible for an OPA award. Your manager or supervisor must nominate you for the award; the criteria for nomination are more fully detailed in the *Salary Administration Manual*.

Variable Incentive Program. This program currently is in development at the Lab and rewards team performance. At the beginning of each fiscal year, quality goals are established for the Laboratory and your division. If both the organization and your division achieve these pre-established goals, you are eligible for a cash award that typically ranges between \$750 to \$2,000.

The Laboratory's Salary Administration Program. The Laboratory recognizes how important pay is to you, and it is the philosophy of the Laboratory to pay you fairly and equitably in comparison to the marketplace. Because of its importance, a Salary Administration Program has been developed for you and is managed by Human Resources. Its basic concepts are illustrated in the table below.



A critical condition for understanding the Laboratory's Salary Administration Program is understanding the distinction between Position Description and Job Description. The *Job Description* describes duties, responsibilities and qualifications that apply to all positions within the same classification, e.g., Computer Systems Engineer II (260.2). The *Position Description* describes duties and responsibilities performed by an individual employee, e.g., employee XXX performing as a UNIX Computer Programmer in Division YYY.

Salary Administration Responsibilities

Managers - Managers are responsible for:

- Administering salary policy within guidelines set by the Laboratory and by their group or division; and
- Obtaining special approvals for any exceptions.

Personnel Administrator - Your personnel administrator serves as a liaison between you and the Central Human Resources Department.

- **Central Human Resources Department** - The Human Resources Department has overall responsibility for recommending, interpreting and monitoring labwide salary and job evaluation policy with the personnel staff of each group or division.

Salary Actions	<p>The Laboratory's Compensation Program is designed to give managers the flexibility to motivate employees, yet maintain total compensation levels that are competitive in the marketplace.</p> <p>Base Salary - Regular salary should be managed to ensure rewards that are consistent with both performance and market conditions.</p> <p>Non-base Pay Opportunities - Opportunities, such as lump-sum merit awards, should be considered, especially if an outstanding employee's salary is high in the salary range.</p>
Salary and Payroll Reports	<p>Several reports are produced by the Human Resources Department to assist you in monitoring and verifying salary issues within your division or group.</p> <p>Those reports are:</p> <ul style="list-style-type: none"> • The classification report; and • The overtime report.
Reports and Forms	<p>See the <i>Salary Administration Manual</i> or the <i>RPM</i> or <i>Human Resources' Web Page</i> for descriptions of reports and detailed instructions for completing and processing forms used to process salary and position changes.</p>
Special Approval Requirements	<p>The actions listed below require written approval before they are processed or implemented. Your division or group may have additional requirements before processing any salary or position changes. Contact the personnel administrator to determine the approvals and budget authorizations your group requires for:</p> <ul style="list-style-type: none"> • Out-of-pattern timing of a merit increase; • A merit increase over 10 percent; • A promotional increase over 5 percent; • Annual cap of 25 percent on all increases combined; and • A new-hire salary offer that exceeds your authority level.

Ensuring Competitive Pay. Ensuring competitive pay is very important to us at the Laboratory. Through Human Resources, the Laboratory has a systematic approach to determining your pay.

Salary Ranges

Salary ranges are assigned to every job at the Lab, from entry level to Division Directors. Ranges are determined by the Lab's job evaluation system. The system takes into account:

- The job's responsibilities and internal pay; and
- Pay ranges of competitors.

The system does *not* consider the performance or qualifications of individuals in a particular position in order to assign a salary range to the job.

Benchmark Jobs

When evaluating a job's range, the job evaluation system compares the functions and responsibilities of the position with those of the Lab's benchmark jobs. Benchmark jobs are common jobs that can be easily identified and compared in the marketplace.

Outside Surveys

To keep the system current, competitive, and reliable, the Compensation Department in Human Resources regularly participates in surveys with other major research laboratories, as well as with other organizations from which we might draw employees, throughout California and the United States. Both for-profit and non-profit organizations participate in these surveys.

How the System Works

The job evaluation system is designed to objectively:

- Determine salary range;
- Assess whether the job should be exempt or nonexempt; and
- Categorize positions into established job families.

The Process

Complete a Position Description form (PD), which uses various factors to describe each job in relation to benchmark jobs. You should include the following information in the PD:

- Define the major purpose of the position by developing the position summary;
- Identify essential duties and responsibilities;
- Identify marginal duties and responsibilities;
- Identify Institutional duties and responsibilities; and
- Identify essential and marginal qualifications and requirements.

Your personnel administrator can assist you in gathering this information and completing the appropriate forms.

The Central Human Resources Department analyzes the PDs and recommends a salary range and exemption status.

The recommendation is reviewed by your personnel administrator and confirmed by the Central Human Resources Department.

Please note that this process is a shared process and that the Supervisor, Personnel Administrator and Central Human Resources Department have joint responsibility from beginning to end.

Supervisor's Responsibility

Notify your group or division personnel administrator when:

- Creating a new position, or
- Reclassifying a position. A reclassification occurs when a significant portion (i.e., 50 percent) of the responsibilities and duties of an existing position change. This amount of change indicates that the position may need to be re-evaluated.

Work with the employees in the job being reclassified to accurately describe the job.

Submit the information to your personnel administrator, who will assist in the following worksteps:

- Overall review of changes;
- Comparison of the position description to the job description;
- Data entry of the PD; and
- Forwarding the PD to the Central Human Resources Department for confirmation.

After the position's classification has been confirmed, your personnel administrator will notify you of the assigned salary range and salary change or reclassification.

Inform employees about the evaluation, assigned salary range, changes in exemption status or salary and the effective date of any changes.

*Please note: **do not** inform employees of any changes in assigned salary range, salary change and reclassification **until** approval has been obtained and you have a copy of a document confirming the change.*

Effect on Salary If an employee's salary range changes due to job evaluation, the supervisor must complete a Personnel Action Form in order to process any necessary changes.

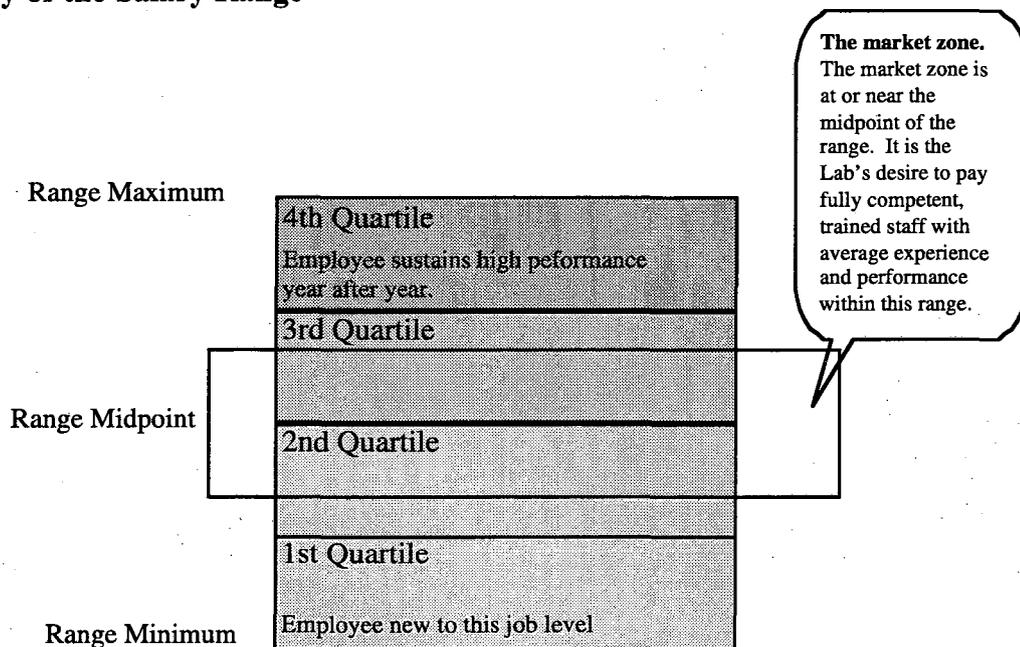
If the Salary Range Goes Up - A salary adjustment may be necessary if:

- The current salary is below the minimum of the new range; or
- A reclassification adjustment is necessary.

If the Salary Range Goes Down - Do not adjust the salary. If the salary is at or above the maximum of the new range, the salary is frozen until the salary range is adjusted higher due to external and internal conditions. Please discuss with your personnel administrator or Central Human Resources Department if you feel there are special considerations.

Salary Ranges. The width of each salary range and the percentage differences between the ranges at their midpoints are graduated from lowest to highest to accommodate salary increases within the range. Midpoint refers to the salary midway between the minimum and maximum rate of a salary range.

Anatomy of the Salary Range



- **Salary Minimum.** Salaries near the minimum of the range are appropriate for new employees who are in the learning stage of their positions.
- **Salary Midpoint.** The midpoint reflects the average salary paid in the external market (benchmark surveys) for similar positions.

- **Salary Maximum.** Generally, employees whose salaries are approaching the salary maximum have consistently demonstrated a high level of performance. Employees whose salaries are at or above the salary maximum are not eligible for a merit increase, although performance is reviewed annually and lump-sum merit awards may be given.
- **The Market Zone.** It is the Lab's desire to pay fully competent, trained staff with average experience within the Market Zone. *The Market Zone is a range of salaries at or near the midpoint of the range.*

Supervisor's Responsibilities

The Laboratory's policy is to pay starting salaries that are appropriate for the position and the experience of the new employee. Generally, you should avoid paying a new employee more than current employees with equivalent experience in the same salary range. Paying more for a new employee with the same experience as an incumbent can be *very* expensive for the Lab. When a new hire is offered a salary higher than incumbents with the same experience, you've raised the "stakes." You will not be able to correct the situation until the next salary review. An inequity such as this may cause you more employee relation problems than the new hire's inflated salary is worth.

In any event, in paying a new employee or a newly promoted employee, you must pay:

- At least the range minimum; or
- If the position has not been assigned a range, at least the minimum wage [\$206.00 per week (full-time) or \$5.15 an hour].

Always remember to:

- Never pay above the range maximum;
- Obtain appropriate approvals, if the salary offer is above the midpoint; or
- Obtain approval for a transfer or promotional increase greater than 5 percent over base.

Determine starting salaries consistent with:

- The appropriate salary range for the assigned job classification;
- Relevant experience; and
- Internal equity.

Consult your personnel administrator to obtain special approvals as required.

Process salaries of new employees following the instructions in the *Salary Administration Manual* or *RPM* or *Human Resources Web Page*.

Pay for Performance. Pay for Performance refers to the Laboratory's Merit Increase Program. The objective of the program is to reward individual performance that contributes to the success of the Laboratory. Rather than using an automatic formula, supervisors determine merit increases based on the following criteria:

- The employee's job performance, and
- The position of an employee's salary within the range for his or her job classification.

The Pay for Performance program is based on the following philosophy:

The Laboratory wants to pay experienced performers within the Market Zone. Generally speaking, only those employees who sustain very high performance year after year reach the top of the range. What this means to you is the following:

If your performance rating is high and **your salary is high in the salary range**, you may receive a smaller increase than your colleagues who receive the same performance ratings—to *decelerate* your pay back towards the midpoint.

Similarly,

If your performance rating is high and **your salary is low in the salary range**, you may receive a larger increase than your colleagues who receive the same performance rating—to *accelerate* your pay towards the midpoint.

Keep in mind, the Laboratory's *philosophy is to pay experienced performers a fair market wage—a fair market wage is within the Market Zone.*

The following table helps illustrate the concept (the percentages may change from year to year).

Salary Range Position	1st Quartile	2nd Quartile	3rd Quartile	4th Quartile
Performance Rating				
Outstanding "O"	Up to 5.0 percent	Up to 4.0 percent	Up to 2.5 percent	Up to 2.0 percent
Exceeds "E"	Up to 4.0 percent	Up to 2.5 percent	Up to 2.0 percent	Up to 1.5 percent
Meets "M"	Up to 2.5 percent	Up to 2.0 percent	Up to 1.5 percent	Up to 1.0 percent
Improvement Needed "I"	Not eligible	Not eligible	Not eligible	Not eligible
Does Not Meet "N"	Not eligible	Not eligible	Not eligible	Not eligible
	Minimum	Midpoint		Maximum

At the time of your salary review (September/October), your supervisor will meet with you, review the performance rating you received in July/August for the past year and, using the above table, explain to you your merit increase. Please note that employees over the top of the salary range are not eligible for a salary increase; however, they may receive their merit increases in the form of a lump-sum payment.

Merit Increase Guidelines

Your group or division's merit increase guidelines are provided by your personnel administrator to assist you in planning merit increases for your employees. The amount of an employee's increase is based on two factors:

- The employee's job performance; and
- The position of an employee's salary within the range for his or her job classification.

To manage your salary dollars effectively, keep these points in mind:

- The goal of the merit program is to pay for overall performance;
- There are many aspects to overall performance, including:
 - Performance/Progress Review
 - Evaluation of Overall Performance
 - Environment, Safety and Health
 - Supervision/Leadership
 - Performance Planning and Development
- A merit increase may not be appropriate for all performance reviews.

Employees who are low in the range but are top performers making a significant contribution should receive larger increases. Those employees who are lower performers or are paid high in the salary range should receive smaller increases or no increase.

Remember, the overall reward for an employee's performance and contribution to the Lab is his or her total salary, not the amount of a single increase.

Premium Pay. There are several premium pay categories associated with your pay. *(Please note: Represented employees should look to their union contract for provisions regarding Premium Pay.)* Those categories are:

Overtime Pay. Business needs may require that you work overtime. Whether you receive overtime pay depends on whether your position is classified as "exempt" or "nonexempt."

If you are exempt, you generally do not receive pay for time worked beyond the conventional work schedule. However, exempt employees may be paid overtime for extended workweeks on the basis of a formally approved schedule. For each week the extended schedule is shown on the timecard, the schedule must be on file.

The chart below shows overtime rate for nonexempt employees.

<i>If a nonexempt employee works ...</i>	<i>The payment rate is ...</i>
Up to eight hours in one day or 40 hours in one workweek.	Straight-time. The regular hourly rate.
More than eight hours in one day or 40 hours in one workweek.	Overtime. 1 1/2 times the regular hourly rate.
On the sixth or seventh day once the employee has worked more than 40 hours.	Overtime. 1 1/2 times the regular hourly rate.

Supervisor's Responsibility

- Control the scheduling of overtime. Remember that overtime must be approved in advance. If nonexempt employees work overtime, the Laboratory is required to compensate them.
- Monitor overtime expense through your monthly reports and take steps to limit it, if necessary.

Exempt Employees

Exempt employees generally do not receive additional compensation for hours worked beyond the conventional work schedule. The salaries of exempt employees compensate for the performance of duties to complete the job, including overtime.

If you feel there are unusual circumstances regarding the amount of time worked by an exempt employee, contact your personnel administrator.

Shift Differential. Hourly employees who work evening and night shifts are normally eligible to receive a shift differential pay. Some salaried employees are also eligible for shift differential pay (see your supervisor or personnel administrator for details). The differential is paid separately from base salary and stops if an employee transfers to standard working hours.

The table below shows shifts and premiums. For a premium to be paid, more than four hours worked must fall within a shift. When four hours are worked on each of two shifts, pay will be based on the shift assigned by the Division or Department.

Shift Code	Majority of Scheduled Hours Worked	Premium Paid
1 - Day Shift	8 a.m. to 4 p.m.	None
2 - Evening Shift	4 p.m. to 12 Midnight	7.5 percent of Base
3 - Night Shift	12 Midnight to 8 a.m.	15 percent of Base

Shift differential is included for all types of paid leave on the shift an employee normally would have worked.

Supervisor's Responsibility

If an employee is eligible for shift differential, determine the correct amount and enter it on the Laboratory Employee Time System (LETS). For a current employee changing shifts, send the information to your personnel administrator *before* the close-off date for any pay period when the change is effective.

Calculate merit and promotional increase using base salary without the shift differential. The new differential premium will be recalculated using the new base salary.

In unusual situations some exempt employees may be eligible for shift differential pay. Please consult your personnel administrator.

Holiday Pay. Exempt employees normally do not receive extra compensation when their assignment requires work on a holiday. Nonexempt employees are paid for time worked on a holiday. They normally receive a full day's holiday pay, plus straight pay for any portion of the holiday worked, to the nearest hour for the monthly salaried employee and to the nearest quarter hour for the hourly employee.

The Laboratory observes the following holidays:

New Year's Eve	Thanksgiving Day
New Year's Day	Thanksgiving Day (Friday)
Martin Luther King Holiday	Christmas Eve Day
President's Day	Christmas Day
Memorial Day	* Xmas week administrative day
Independence Day	* Xmas week 2 or 3 PTO days
Labor Day	

*The Lab is closed Christmas week. The remainder of the "non-holiday" week days should be taken off by a combination of 1 Administrative Day, and 2 or 3 PTO or leave without pay days.

Travel. Nonexempt employees who are engaged in official travel outside their regular work schedule will be paid for such travel time. Time reporting for such payment will normally be based on the date and hour at which the employee leaves his or her residence or office and the date and time at which the employee returns to his or her residence or office, assuming there are no interruptions for personal reasons.

Call-in Pay. Employees with nonexempt classifications who are called in for short jobs outside their regular weekly schedule will be paid a minimum of four hours or the hours worked, whichever is greater. Such pay will include shift differential and overtime premium, if appropriate.

Maintaining Internal Equity and Market Competitiveness

Structure Adjustments. Over a period of time, the market values of jobs usually increase as a result of inflation in the labor market. Therefore, benchmark survey data are analyzed annually and used to determine salary structure increases (moving the minimum, midpoint and maximum of your salary range up). Salary increases are generally given on or about October 1 of each year.

Position Reclassification. Maintenance of the job classification system requires periodic review of positions in response to significant changes in level of responsibility, functional content, or reporting relationships. Such changes relate solely to the positions themselves, not to changes in levels of performance or personal skill development defined or perceived by the incumbents or their supervisors.

When a significant change in position occurs, it is the responsibility of the supervisor or manager to complete an updated position description and submit it to Human Resources with a request for reclassification.

Reclassification may or may not increase an employee's salary range and/or pay.

Transfers, Promotions and Demotions. A transfer is the acceptance of a position listed in the current job openings (CJO) found on the Lab's web-site. If the new position is classified at a higher salary range than the old position, the transfer is considered a promotion and, as a general rule, an increase of 5 percent for a single range promotion may be granted the employee.

If the new position is classified at a lower salary range than the old position, the transfer is a demotion. A salary action may or may not be required. If the employee requests movement to a position with a lower range, the current salary should be assessed relative to the new position and the appropriate action taken.

Most other transfers are lateral moves. In the case of a lateral move, there is no provision for a salary change.

Current Supervisor	Prepare a performance review for the reassigned employee.
Supervisor of New Position	Determine whether a promotional increase should be granted. If a promotional increase is to be granted, choose an appropriate amount within the guidelines. Your personnel administrator can advise you, if necessary. When determining the amount of the increase, consider the following: <ul style="list-style-type: none">• The employee's past performance;• Position in the appropriate salary range; and• Internal equity. Also, <ul style="list-style-type: none">• Time the promotional increase to coincide with the promotion.• Complete the appropriate paperwork.• Obtain any necessary signatures for exception approval.• Send the completed paperwork to your personnel administrator <i>before</i> the close-off date for any pay period for which the change is effective.

Developmental and Temporary Assignments. A developmental assignment may relegate an employee to the same, higher or lower salary range. A change in salary is inappropriate in such cases. Developmental assignments must be designated as such and must have specific time limits, usually less than one year.

Temporary assignments are usually the result of a department's need to place an individual in a position being temporarily vacated by another employee. A

temporary assignment must have a specified duration and should not exceed six months. Some temporary assignments may result in additional pay for the duration of the assignment. In other cases, namely lateral transfer and working in a lower salary range, no salary action is required.

Scientists and Engineers (S&E)

Many of the previous sections in *About Your Pay* apply to the S&Es regarding the Lab's overall compensation philosophy. In summary, the Laboratory has set the following goals for its salary administration program in administering pay for scientists and engineers:

- To pay competitive salaries as determined by the marketplace.
- To create a responsive and fair management program in which salary correlates to performance and the market.

Components of Your Pay. Like other job classifications at the Lab, your pay is made up of a complementary set of salary and benefit programs, each of which is described on pages 7 and 8 of this booklet. Briefly, those components are:

- ***Benefits.*** Benefits include Paid Time Off, Health Plans and Retirement Programs.
- ***Base Pay.*** Base Pay is the largest component of your salary.
- ***Merit Increases.*** Merit Increases are used to recognize your individual contribution to the Laboratory.
- ***SPOT Awards.*** A special cash payment used in the Laboratory as a way of recognizing outstanding performance "on the spot."
- ***Outstanding Performance Awards.*** Larger cash payments used in the Laboratory as a way of recognizing outstanding performance.
- ***Variable Incentive Program.*** A relatively new pay program at the Laboratory to recognize organizational and team performance.

The Laboratory's Salary Administration Program. There is a marked contrast between S&E appointment levels and other Laboratory job classifications. The S&E pay program makes use of experience curves, where salary is based on related experience, or years since obtaining a Bachelor's degree, and pay bands rather than salary ranges. The use of appointment levels, rather than traditional job classification distinctions, reflects the singularity of the S&E jobs. Appointment levels are separated by level of performance, knowledge and experience of the individual. The four appointment levels are briefly described below:

Level	Description
Scientist/Engineer	Entry to intermediate level.
Staff Scientist/Engineer	Fully qualified level.
Senior Staff Scientist/Engineer	Senior level for an advanced practitioner with significant achievements and contributions to the Laboratory.
Distinguished Staff Scientist/Engineer	Most exceptional S&E who has had a notable history of achievements, and whose impact in the field has contributed directly to LBNL's pre-eminence.

Advancement to the next level is generally considered to be the norm, with advancement based on performance. However, Staff Scientist/Engineer is the level to which the majority of S&Es at the Lab will advance. Appointment to and advancement between levels requires formal Division and Directorate Level review.

Ensuring Competitive Pay. The Laboratory participates in two major national salary surveys for the S&Es. The survey participants are other national research labs, both non-profit and for-profit, as well as other industries from which the Lab draws some of its scientists. The market surveys are used to determine the pay bands in the S&E categories. Your base pay remains within these pay bands. The market surveys allows the Lab to ensure competitiveness in our pay program.

Market Surveys. The Lab participates in the Davis Salary Survey and the R&D Salary Survey. Between the two surveys, 58 companies and 51,932 salaries are covered. The large sample size lends itself to greater statistical significance.

Survey Reliability. The reliability of the surveys is very high. The Laboratory has participated in these surveys for a number of years and helped develop the Davis survey. Because of our ongoing participation and familiarity with the surveys, the Lab has very high confidence in both the quality and the consistency of the data on which we base our salary program.

Typical Histogram Format. Results from the survey used in developing our pay program are received in aggregate from the participating companies and broken out by degree and supervisory level:

The table below typifies the format in which we receive salary survey data for the groupings by degree and supervisory level.

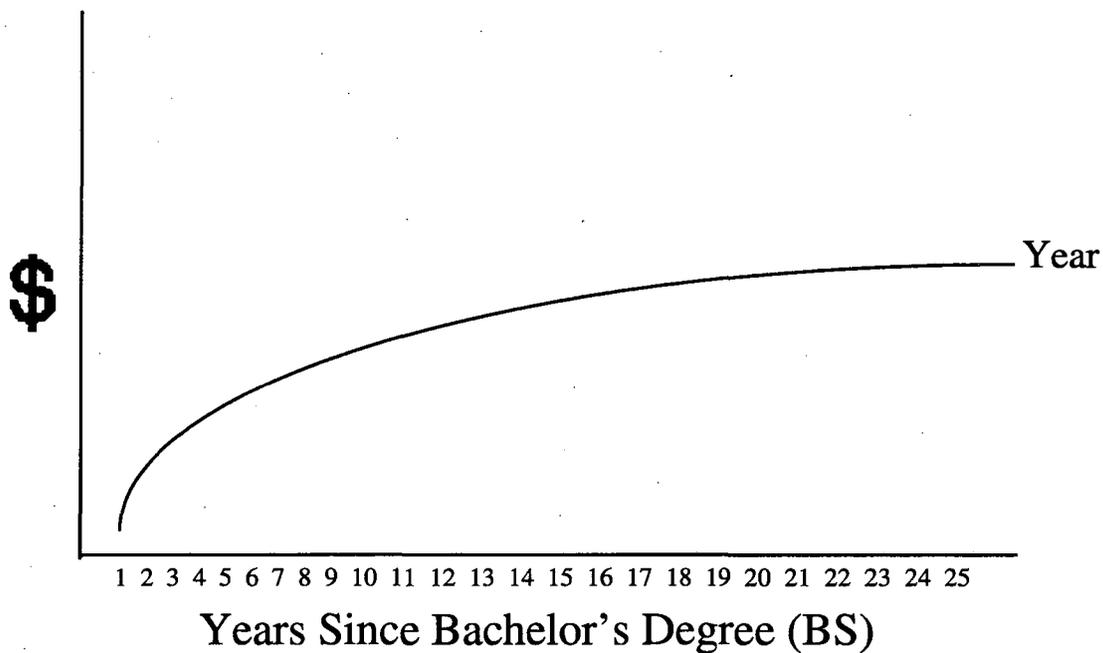
NON-SUPERVISORY SCIENTIST/ENGINEER - MASTERS		
Monthly Salary	Number of Incumbents	Years Since Last Degree (YSBS)
\$2,500	5	1
\$2,700	8	2
\$2,940	8	3
\$3,135	6	4
\$3,338	8	5
\$3,561	12	6
\$3,700	20	7
\$3,847	20	8
\$3,995	18	9
\$4,062	16	10
\$4,264	5	11
\$4,276	6	12
\$4,503	4	13
\$4,591	2	14

data for illustrative purposes only

Experience Curves. An experience curve is a statistical description of pay levels as they relate to experience for people doing work in generally similar fields or disciplines. A typical experience curve may appear to be similar to a learning curve, with a rapid rate of increase in pay in the early stages of growth and then a leveling off with increased experience.

Mathematically, an experience curve is the line that models or describes the relation between salary and a time dimension such as experience, or years since first (Bachelor's) degree (YSBS). YSBS accounts for related experience only; the Director's Action Committee has approved a process for accounting for "Relevant Professional Education and Experience for LBNL Scientists and Engineers." The process describes the method and form used for determining related education and experience for S&Es whose education and work history do not follow the traditional, linear path. (See guidelines for more detail.)

The graph below illustrates the concept of experience curves:



Pay Bands. Pay bands indicate salary levels or thresholds for each appointment level (except Distinguished Staff Scientists). Exceptions to pay salaries outside these bands require a written justification from the Division and approval from the Laboratory Director.

Pay bands are different from traditional salary ranges in that there is no midpoint to reflect the market rate for the job. Pay bands were developed using the experience and salary levels of the survey experience curves. Pay bands are adjusted every October 1 as part of the Annual Salary Review Process.

Pay for Performance. Each year, as part of the Laboratory's annual salary review program, Divisions review the performance of S&Es and determine appropriate salary levels. Throughout the course of the annual salary review of S&Es, Divisions follow the prescribed procedures listed below:

Completing the Performance/Progress Review. As a first step in the salary review program, Human Resources notifies Divisions about the merit review process for each S&E employee by providing management with a time schedule, performance review forms and instructions about the forms.

Peer Group. After completing the performance reviews, Divisions then separate S&Es into *peer groups*. A peer group at the Lab is defined as those S&Es performing similar types of work, and making contributions that can be measured by similar evaluative criteria. Peer groups are based on valid, job-related criteria, such as being at the same S&E appointment level, having a common functional discipline, working on a particular program or project, or having supervisory status.

An example of a peer-group listing is shown in the table below. Note that employees are at different levels. It can be assumed they are working on the same project or are in the same functional discipline.

1	2	3	4
Employee Name	Class Code	YSBS	Current Salary
AA	xxx.6	41	\$8,026
BB	xxx.6	30	\$7,062
CC	xxx.5	26	\$7,098
DD	xxx.5	40	\$7,079
EE	xxx.5	25	\$6,700
FF	xxx.5	30	\$5,970
GG	xxx.5	16	\$5,813
HH	xxx.5	14	\$5,268
JJ	xxx.5	23	\$5,136

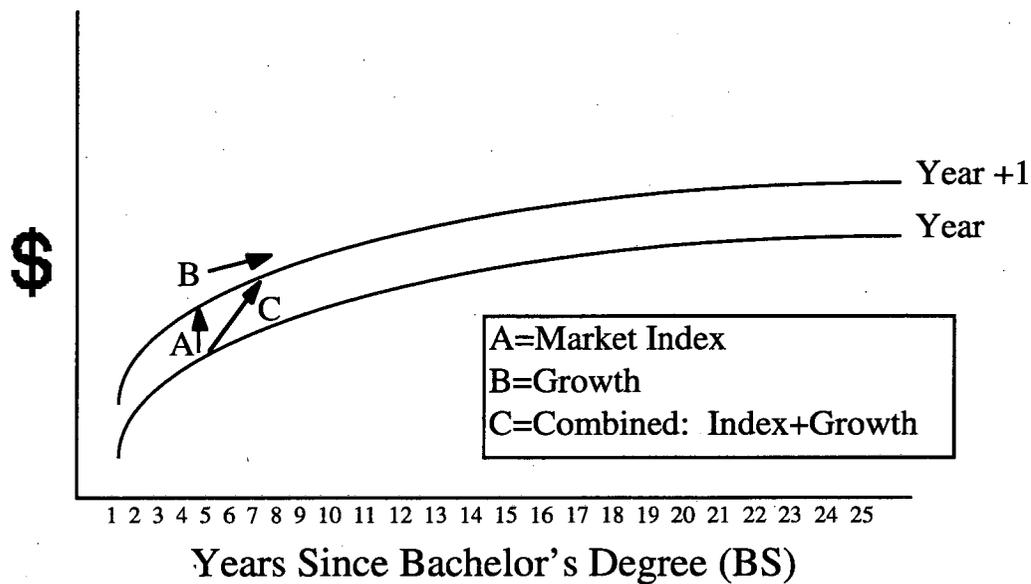
data for illustrative purposes only

Relative Movement Indicator (RMI). After defining peer groups, Group Leaders and Heads compare relative contribution and performance level of each S&E within the peer group with relative salary level, keeping in mind that higher sustained performance over time leads to higher pay. Group Leaders and Heads determine a target salary aligned with relative contribution level within a peer group. The relative movement indicator shown below suggests the extent to which there should be a salary adjustment.

RMI	Definition
A3	Very significant upward adjustment of salary with respect to peers.
A2	Significant upward adjustment of salary with respect to peers
A1	Upward adjustment of salary with respect to peers.
---	Maintain salary with respect to peers.
V1	Downward adjustment of salary with respect to peers.
V2	Significant downward adjustment of salary with respect to peers
V3	Very significant downward adjustment of salary with respect to peers.

Merit Allocations. Individual allotments are calculated using the growth or experience factor associated with typical S&E salary progression, as reflected in the slope of the pay curve based on survey data, and a market factor related to external market conditions, limited by the amount of DOE's Salary Increase Authorization. Combined, they determine individual S&E allotments. *The sum of a Division's individual allotments determines the Division's total S&E merit allocation.*

With the S&E allocations being market-based and the individual merit increase performance-based, the compensation program links both market and performance to final pay decisions. The effect of the new allocation method, over time, will be to change the shape of the Lab's pay curve so that it more closely approximates the shape of the market curve.



Relative Movement Factors. After identifying the most appropriate RMI and obtaining the appropriate merit allocation amount for each S&E, the next step is to use the indicator to model appropriate salary increase. Since each RMI has a numerical equivalent—a Relative Movement Factor (RMF)—multiplying an individual's allotment by an RMF will provide an appropriate salary increase to reach the target salary (the salary that best aligns pay with performance within the peer group). The RMF is the amount of increase directly associated with the RMI, as illustrated below.

Degree of Salary Adjustment Compared to Peers	RMI	RMF
Upward		
Very significant upward	A3	>1.50
Significant upward	A2	>1.25
Upward	A1	>1.15
Maintain	----	>.85 to <1.15
Downward		
Downward	V1	<.85
Significant downward	V2	<.75
Very significant downward	V3	Pass

RMI Adjustments. As Divisions attempt to determine proposed target salaries for each S&E, several iterations of modeling salary increases may be necessary to reconcile the sum of proposed increases with the Division's total merit allocation. When significant upward adjustment (A2 or A3) is warranted, due to severe salary misalignment compared to performance, it may be more prudent to reach a target salary in three years, rather than make one large adjustment in a single year.

Management Review Meetings. Beginning in 1991, the Laboratory Director instituted annual Management Review Meetings (with the Division Directors) by relevant scientific and engineering area to review and discuss annual salary recommendations for all scientists and engineers.

Performance evaluation summaries together with salary increase worksheets and salary plots are used during these meetings to review individual performance contributions and proposed target salaries for the S&Es.

Merit Increases, Reviews and Approvals. Following the Management Review Meetings, salary recommendations are finalized and those proposed salaries above the threshold are submitted to DOE or the UC Regents for approval.

Communication of Performance Increase. Your supervisor will meet with you individually to review your performance for the past year and share with you the specific indicators that influenced your percent merit increase.

Maintaining Internal Equity and Market Competitiveness

Structure Adjustments. Pay bands are adjusted every October 1 as part of the Annual Salary Review Process.

Transfers, Promotions and Demotions. The annual performance and salary review processes provide a once-a-year assessment of each eligible employee's salary and appointment level. Divisions are encouraged to spend the majority of their total merit allocation during the October salary review, since the annual review requires extensive planning effort and time to conduct. Divisions should minimize the number of post-October salary increases and appointment level changes.

Transfers are considered a lateral move when an S&E accepts a posted position at the same appointment level and is not eligible for a salary adjustment as a result of accepting the position.

Promotions are considered an acceptance by an S&E of a posted position at a higher appointment level. S&Es are not normally eligible for salary increases as a result of accepting a posted position at a higher appointment level. Salary consideration should occur as part of the next annual review after the employee has demonstrated the expected level of performance. However, there are exceptions, such as an employee's accepting a leadership position.

Demotions are considered an acceptance by an S&E of a posted position at a lower appointment level. An S&E's salary is not normally adjusted downwards in these instances. However, there are exceptions. If your salary is adjusted downwards, your supervisor will have discussed this with you.

Supervisor's Responsibility

Please note:

- ***Do not*** inform employees of any changes in assigned levels, salary change and/or reclassification ***until*** approval has been obtained and you have received written confirmation of the change;
- Be prepared to share with employees information regarding relative ranking, peer group formation and other information regarding pay for performance "drivers"; and
- Send the completed paperwork to your personnel administrator ***before*** the close-off date for any pay period when the change is effective.

Some Commonly Asked Questions

(with some straightforward answers)

If the salary range for my classification continues to increase, how will I ever get to the top? You may never reach the top of your salary range. Typically, only employees who have sustained a very high level of performance for a number of years reach the top of the salary range. It is the Lab's philosophy to pay a fair and market-competitive wage rate at or near the midpoint of the salary range, *not* the top of the salary range.

When will I get my merit increase? Generally, merit increases for nonrepresented employees are effective on October 1 of each year. The actual increase shows up on the subsequent paycheck, and in most cases would be in the second, bi-weekly pay period of October for nonexempt, bi-weekly paid employees and on November 1 for monthly-paid, exempt employees.

What is my salary range? Please ask your supervisor for this information; he/she will have this information readily available for you.

I heard there was a 4 percent merit increase; why am I only getting 2 percent? The 4 percent merit increase you heard about is the total "pool" of money available for all merit awards at the Lab. You could also think about it as the average increase available for employees. However, your specific merit increase is a function of two variables: 1) your actual performance rating, and 2) your wage rate's position within the salary range.

At the time your increase is communicated to you by your supervisor, your supervisor should have explained to you and shown you how your specific increase was calculated. There is a matrix, prepared by Human Resources, that illustrates the effect that your performance rating and your wage rate's position within the salary range have on your specific merit increase. Please ask your supervisor for the answer to your specific situation.

I was hired on May 1 and another employee was hired on April 1. He got an increase but I didn't. Why not? You must start your job with the Lab on or before April 1 to be eligible for a merit increase in October.

Mary makes more than I do even though we have the same job and started at the same time. Why? New hires typically start at the beginning of the salary range (minimum); however, the Lab does take into account a person's employment experience *in jobs similar to the one for which they are being hired*. When new hires *have experience* in the job they are being hired into, they may be offered a salary *higher than the minimum*

of the range. Without more facts, Mary probably had more experience in similar jobs than you did when you were hired.

Will I ever get a salary increase if I am at the top of my range? Probably not. However, keep in mind that the Lab's merit increase program does allow for lump-sum merit payments.

Can I ever get to the top of the range? Yes, through outstanding performance ratings year after year.

I applied for a job in a different division in the same classification. I thought I would get an increase and didn't, even though the job is more difficult. Why not? The Lab's salary administration program does not allow for salary increases for lateral moves (transfer to the same classification). Please discuss the differences you perceive between your "old" and "new" job with your supervisor.

How good are the employee benefits at the Lab? I know of some companies that provide four weeks of vacation at five years of service. Our total benefits package, which includes not only paid time off (vacation, sick leave and holidays), but also retirement savings programs, and medical, dental and group insurance plans, is among the very best in the industry.

When looking at benefit levels, it is important to look at the entire package, not just pieces of it. For example, do the companies you are aware of offer three weeks vacation in the first year of service?

Where can I see a copy of my position description? Your supervisor, manager or department administrator should be able to provide you with a copy of your position description.

Who determines my eligibility for a promotion? Your supervisor or manager determines your eligibility for a promotion. Of course, your past performance is the major influencing factor as to whether or not you are ready to take on more duties and responsibility at the Lab.

I have had a "meets expectation" performance review for the past three years and I am still not at the midpoint of the range. I thought it was the Lab's policy to pay at the midpoint? The Lab's *philosophy* is to pay within the "Market Zone." The Market Zone is a range of salaries at or near the midpoint of the range. The Lab cannot guarantee that you will be paid exactly at the midpoint.

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