



Harvard Medical School Compensation

Staff Practices and Guidelines

Compensation Philosophy



- People are our greatest resource. HMS is the leading medical school in the country, and we attribute this to the remarkable people who teach, conduct research and work here. A central tenet of the Human Resource mission is, to identify and hire individuals who reflect the values of this institution and who will be dedicated to the success of our daily efforts “to create and nurture a diverse community of the best people committed to leadership in alleviating human suffering caused by disease.”
- Harvard Medical School compensation practices reflect a commitment to creating a workplace in which all employees are valued and recognized for their contributions, as individuals and as an integral part of a community. Through various programs created at HMS and participation in programs initiated at the University level, HMS strives to support retention and maintain or improve a healthy workplace climate and culture.

Staff Compensation Practices



■ Grading Positions:

- HMS HR utilizes a classification committee; comprised of recruiters, sr. human resource consultants, coordinators and compensation staff members, to review staff positions, determine the job function, check against established benchmarks and similar positions at HMS, and determine a salary grade and range.
- The University classification system consists of 18 grade ranges which have a minimum, midpoint and a maximum salary.
- Each position is classified into one of 17 job functions in order to best benchmark positions for grading and salary determinations.
- Positions are graded initially for posting purposes and can be re-graded if reclassified once the duties of the position have substantively changed. (see Appendix document Understanding Job Classification and Reclassification at HMS)

Staff Compensation Practices



- **Salary Determinations:**

- New Hires, Transfers and Promotions: Recommended salaries vary depending on internal and external experience, skills, and the market for the position. Salaries are reviewed against other employees in the same job code at HMS and Harvard University and employees within their department to maintain equity.
- Ad Hoc Salary Adjustments: Relevant experience, relative position in the salary range, internal equity, external competitiveness and the relative value of new duties are considered when recommending a salary adjustment. Percent increases vary based on these factors.
 - **Equity Adjustments**: This is a one time increase to the base salary provided to an employee(s) to correct a significant deviation from internal equity or external competitiveness.
 - **In-Range Increases**: This increase may be appropriate when an employee has 1) undertaken a significant change in responsibilities that resulted in a greater scope of responsibility within the current level; and/or 2) mastered new job competencies resulting in significant additional responsibilities within the current grade level.

Staff Compensation Practices



- **Salary Determinations Continued:**

- Compression Analysis: Compression review is completed typically annually or every other year for each department. Compressed salaries are identified and adjustments are discussed with department leadership.
- ASIP (Annual Salary Increase Program): Typically HMS awards a July 1 increase to all non-union staff. Union staff members are awarded increases based on the negotiated terms of their collective bargaining unit contracts.

Staff Compensation Practices



▪ School Wide Rewards & Recognition Programs:

- Incentive Pay Program

Goal: to provide department heads and administrators with the means to reward and recognize the top performers in their departments or areas.

- Delores Brown

- Joseph B. Martin Dean's Leadership Awards for the Advancement of Women

- Sharon P. Clayborne Staff Diversity Award

- Dean's Community Service Award

- Harvard Heroes

- Anniversary Awards (10, 15, 20+ years)

- Giving Thanks Notecards

Staff Compensation Practices



■ Department Level Bonus & Planned Pay Adjustment Guidelines

(Applies to HUCTW, Non Union Non Exempt and Administrative & Professional Staff)

	What	How
1. Spot Award (BUN)	Meaningful or special contributions "above and beyond" standard job responsibilities	Bonus amounts should be determined in direct relation to what is meaningful based on employee's contribution and should be discussed in advance with your HR Consultant.
2. Project Completion Award (Individual or Team) (BPE or BPU)	Significant contribution to the successful completion of a major long-term project (usually six months or longer)	Bonus amounts should reflect the employee's role on the project and should be discussed in advance with your HR Consultant.
3. Planned Pay Adjustment	An adjustment to annual salary (or hourly rate) based on performing additional higher level duties over a sustained period of time.	The amount should reflect the type and duration of the additional higher level work completed by the employee, in relation to the employee's salary. Adjustments should be discussed in advance with your HR Consultant.

- Discussions regarding bonus amounts and/or planned pay adjustments for staff members should be held between Human Resource Consultants and supervisors prior to any communication with the employee
- Bonus amounts should be determined in direct relation to what is meaningful based on employee's contribution rather than dictated by grade level
- Annual sum total of bonuses should not exceed 5% of employees annual salary
- Bonus amounts should not be grossed up

Staff Compensation Practices



Spot Bonus

(Applies to HUCTW, Non Union Non Exempt and Administrative & Professional Staff)

A way to recognize staff for making a meaningful or special contribution “above and beyond” their standard job responsibilities.

- **Use Earnings code:**

- BUN (Bonus Unexpected/Spot)

- **Example:**

- A decision was made to submit a training grant proposal without much prior notice. A staff member who does not usually work on grants stepped in to help the grant manager prepare materials for the application. The employee’s contribution and effort made a difference in getting the application submitted on time.
- An administrator successfully managed a complex, high-profile event which posed a number of unexpected challenges, including issues with the venue and coordinating many sponsors and multiple travel schedules and guest speaker itineraries.

Staff Compensation Practices



Project Completion Award

Significant contribution to the successful completion of a major long-term project (usually six months or longer)

- **Exempt Staff:** Completing a project is part of most employees' responsibilities. However, managers may provide recognition to a staff member for the following reasons:
 - work on a substantial project outside of his or her regular job responsibilities.
 - completing a project that is within the employee's job, but the project deliverables exceed expectations, the results are delivered ahead of schedule and below budget, and results are produced in the face of unexpected challenges.
 - Work performed on a time-limited project. The work done was over a set period of time, not an ongoing, with a significant change in responsibility. For significant, permanent changes in role, the reclassification process should be used.
- **HUCTW:**
 - Projects outside of a staff member's job description should include a planned pay adjustment. For projects within the HUCTW staff member's job description that exceed expectations, the manager may award a project completion bonus.
- **Earnings Code:**
 - BPU (Bonus Project Unexpected) BPE (Bonus Project Expected)

Staff Compensation Practices



- **Examples:**

- Over the course of a year, an employee cleared up a backlog of records which involved physically reviewing the each of the files, removing duplicate or unneeded materials, working with a vendor to scan the files, and implementing an electronic records management system. This was done in addition to the employee's regular job responsibilities.
- An employee provided Harvard-wide leadership in response to a global event (natural disaster) and over several months took the lead in developing communications, identifying issues, and coordinating internal and external stakeholders to help with recovery efforts.

Staff Compensation Practices



Planned Pay Adjustment

Discussions regarding planned pay adjustments should be held between the Human Resources Consultants and supervisors prior to any communication with the employee.

- **Exempt Staff:** A temporary base salary adjustment may be warranted for the period of time the additional higher level work is being done. If the adjustment was not made prior to the work completion, the manager may give an after-the-fact lump sum payment.
- A planned pay adjustment may be awarded in the following cases:
 - Staff is providing coverage for work, at a higher level than their current role, while the department has an open/vacant position or in the absence of a coworker for an extended period of time
- Amount should reflect the type and duration of the higher level additional work completed by the employee, and the employee's salary.
- **HUCTW:** Per the HUCTW personnel manual, in situations where a staff member is performing higher level duties in the absence of a co-worker or supervisor extra compensation should be paid if it is anticipated that work will be preformed for more than 20 work days when covering for a co-worker or for more than 7 days when covering for a supervisor.
 - *To the extent possible and in most cases, planned pay adjustment s for HUCTW members should be captured via T&L in PeopleSoft as a temporary increase to hourly rate or week-to-week adjustment of their hourly rate using the override feature in PeopleSoft rather than an after-the-fact lump sum payment.*
- **Etad Action/Reason Coding (Planned Pay Adjustment):**
 - PAY/ADJ
- **Earnings Code (Lump Sum Payment):**
 - NPA (Non-pensionable additional comp)

Staff Compensation Practices



- Spot Awards, Project Awards and Additional Pay are not applicable in the following cases:
 - Outstanding performance of ongoing, regular job duties and responsibilities as well as achievements that may be reasonably expected from a staff member. These should be recognized as part of the annual performance review process.
 - Recognizing a staff member's long term service, loyalty or commitment.
 - Accomplishment of personal and career goals, skills and competencies.

Compensation Glossary



- **Benchmark Job:** A benchmark job is a job whose duties are well understood and for which market pay information is readily available from published salary surveys or internal to Harvard comparisons. It is a “standard” job that is similar across schools at Harvard and typically has many incumbents. Benchmark jobs can be used for making pay comparisons either within FAS or to comparable jobs outside of FAS within Harvard.
- **Compa-Ratio:** The ratio of between current pay to the salary range midpoint assigned to the job. The compa-ratio tells a manager how the salary compares to the midpoint of the employee’s salary range and can be used for comparison over time or between other employees in other salary grades.
- **Compensation Philosophy:** A set of principles that guide the design and administration of a compensation system that supports the mission and business plan of the organization.
- **Exempt:** A term referring to employees who are exempt from the overtime provisions of the Fair Labor Standards Act (FLSA).
- **External Equity Adjustment:** Pay action that is taken to correct a salary inequity among employees in the same job based on external market data and competitiveness.
- **FLSA (Fair Labor Standards Act):** Federal law which prohibits oppressive child labor and establishes a minimum hourly wage and premium overtime pay for hours in excess of a specific level (now time and one-half after 40 hours per week).
- **Internal Equity:** Refers to the pay relationship among jobs internal to the organization.
- **Internal Equity Adjustment:** Pay action that is taken to correct a salary inequity among employees in the same job with comparable qualifications and performance levels.
- **Job Code:** The specific benchmark job title assigned to a specific set of duties and responsibilities.

Compensation Glossary (continued)



- **Job Evaluation/Classification:** The formal process for classifying an individual job into a single job code.
- **Labor Market:** The specific market in which individuals compete for jobs and employers compete for employees. A labor market is defined by a combination of factors, such as geography (local, regional, national, international), industry, and organization size.
- **Merit Increase:** Pay adjustment that is taken based on assessed employee performance.
- **Midpoint:** The median (middle point) of a given salary grade.
- **Non-exempt:** Employees who are deemed to be non-exempt do not meet the salary basis and duties tests of the Fair Labor Standards Act (FLSA). Non-exempt employees must be paid for all hours worked and must be compensated for working overtime. They must be paid no less than the federal and state minimum wage and must abide by certain time recordkeeping regulations.
- **Overtime Pay:** Pay received by employees for being ready to report to work, if necessary. Employees receiving on call pay usually are required to be readily available by phone or pager, within a reasonable distance from the workplace, and able to report to work promptly.
- **Pay for Performance:** Paying employees differently based on their different levels of performance and contribution to the organization.
- **Salary Compression:** A salary situation that occurs when differences in pay are too small to be considered equitable. May apply to differences between: pay of manager and direct report(s), pay of experienced and newly hired employees in the same job, or pay of exempt and non-exempt employees in the same salary grades (due to differences in merit increases and union increases).
- **Premium Overtime (FLSA):** The additional pay earned by a non-exempt employee when he/she works additional hours that exceed 40 hours worked in a workweek. FLSA premium overtime is paid at the FLSA premium rate which is 1.5 times the employee's "regular rate" of pay.

Compensation Glossary (continued)



- **Progression Increase:** A union-negotiated increase given to every eligible union employee on the contractually agreed upon date. The last several HUCTW progression increases have been specific dollar amounts given to all active HUCTW employees in good standing with at least 12 months of benefits-eligible service as of the contractually agreed upon date.
- **Reclassification:** Changing the job classification of a position to another job classification.
- **Salary Grade:** The salary level assigned to a group of jobs. Harvard's central compensation office assigns salary grades based on salary survey data.
- **Salary Range:** The range of salaries, from minimum to maximum, that is assigned to a salary grade. Just as with salary grade, salary ranges are created by Harvard's central compensation office based on salary survey data.
- **Salary Survey:** The systematic gathering of data on wages and salaries paid by other employers for benchmark jobs.
- **Structure Increase:** A union-negotiated increase given to every eligible union employee on the contractually agreed upon date. The last several HUCTW structure increases have been a given percentage increase to all active HUCTW employees on the contractually agreed upon date.
- **Total Compensation:** The total value of all pay, benefits, services, work/life supports, and professional development opportunities provided by an employer to an employee.