Illinois Heartland Library System

TO: IHLS Executive Committee
FROM: Leslie Bednar
DATE: April 12, 2021
RE: Salary Grade Updates

Background
Our existing salary grades were approved by the IHLS Board of Directors after the merger of the legacy library systems in 2013. With the additions of new positions, cost of living inflations, and the new minimum wage laws, we have outgrown our existing salary grades. The decision was made to contact an outside firm to restructure our salary grades and to review and grade our current job descriptions. IHLS selected HR Source to provide this service because of our existing membership with their organization and their familiarity with Illinois libraries.

Budget and Finance Committee
As a standing committee of the Board, the Finance Committee is responsible for salary schedule updates in concert with the executive director:

a. Budget and Finance

xi. To update the salary schedule appropriately based upon information from the Executive Director. (*IHLS Bylaws, Article VI Board of Directors, Section 10 Committees*)

Impact
To increase current staff members to minimum salary of the proposed salary grades it will have the following budgetary impacts. Most of our staff are currently within a proposed salary range.

• General Fund – 2 staff members affected with a total salary impact of $19,524.81
• CMC Fund – 1 staff member affected with a total salary impact of $890.65
• SHARE Fund – 3 staff members affected with a total salary impact of $8,964.70

In the Personnel section of our FY2021 budgets there are funds available to absorb these increases.

Attached please find two items for your attention and review. The finance committee will discuss at their meeting today:
• Proposed salary grades provided by HR Source
• HR Source project scope, analysis, and recommendations

The proposed salary grade update will require final approval by the board at your April 27 meeting. We will make the changes noted above effective April 26, 2021. This is the beginning of a pay period for the May 14, 2021 pay date, which follows the April 27, 2021 board meeting.

Please let me know if you have any questions. Thank you for your thoughtful consideration.

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Project Scope

HR Source was engaged to conduct a Market Benchmarking & Compensation Structure Development Project for the Illinois Heartland Library System.

The study included:

- Fair Labor Standards Act (FLSA) analysis for 35 positions.
- Base pay market benchmarking for 35 positions.
- Creation of a competitive, market-based compensation structure.
- Payroll analysis to assess the overall competitive position of the organization relative to the market, and to identify employees who are out of range.

Market Benchmarking

Job descriptions from the Illinois Heartland Library System were reviewed by HR Source and used to benchmark Illinois Heartland Library System positions to current, valid, and reliable compensation survey data. During this analysis, particular attention was paid to the requisite knowledge, skills, abilities, and qualifications (including education and experience) along with actual job duties being performed by each job.

As directed by the Illinois Heartland Library System, the compensation analyst benchmarked all positions to library and non-profit data only (comparable organizations by budget, employment size etc.). When possible, data was collected from multiple surveys.

The following surveys were utilized in this study:

      A. HR Source 2021 Non-Profit Survey
      B. HR Source 2020 Metro Chicago Compensation Survey
      C. Economic Research Institute Online Assessor
      D. Employer Associations of America 2020 National IT & Engineering Compensation Survey
      E. HR Source 2020 Library Survey

In order to allow for varied survey sources and job responsibilities, data was given appropriate weightings as determined by the consultant and Illinois Heartland Library System management. In some cases, survey data was blended to encompass all job responsibilities.

All data has been trended to July 1, 2021 and has been geographically adjusted to reflect the Edwardsville, IL area. All references to annual salaries within this project reflect a 40 hour standard workweek (2,080 hours per year). Hourly rates are also included, and useful when determining pay for part-time employees.

Compensation Structure Development

Once all positions were benchmarked, a market-based compensation structure was created for the Illinois Heartland Library System. This was done using single linear regression analysis. During this process, a straight line of best fit was calculated using the newly collected survey data points.

As a result, HR Source calculated a compensation structure that includes 16 pay grades. Following best practices, there is a constant midpoint to midpoint progression of 10.5% between the grades. Pay range minimum and maximum values have been set at 20% above and 20% below the midpoints, to provide flexibility when making individual pay decisions.

Illinois Heartland Library System positions were assigned to a pay grade based on the survey data compiled for each particular position. This was done by identifying the pay grade midpoint that most closely aligned with the market rate for each job. One of the positions identified for market benchmarking, the *Bibliographic Grant Manager*, was manually slotted into grade ten at the request of the Illinois Heartland Library System management. The market data available for this job did not capture the complexity and uniqueness of this specific role within the Illinois Heartland Library System.

The competitive pay grade structure for the Illinois Heartland Library System has two pay grades that are empty. These grades will remain on the structure to potentially accommodate any non-benchmarked positions, in case positions are restructured, need to be reanalyzed, or if new positions are created. This empty pay grade can also be used to relieve compression issues created by minimum wage increases.

Fair Labor Standards Act (FLSA) Analysis

This project also included an FLSA analysis. The exemption status of each position was evaluated based on information contained in the job description. The exemption status of each position is noted within this report. Positions with a FLSA code of "E" were determined to be exempt and positions with a "NE" were determined to be non-exempt, according to the Fair Labor Standards Act (FLSA), and current Illinois wage and hour laws.

Payroll Analysis Outcomes

As part of this project, a payroll analysis report was compiled. Employee rates of pay were compared to their respective pay range minimum, midpoint, and maximum values. Data was adjusted appropriately for part-time employees.

Information from the Payroll Analysis Report is summarized in the table below:

COMPETITIVE POSITION	# OF EMPS	ANNUAL COST
Under Range Minimum	47	$38,859
Under Range Midpoint	82	$409,952
Over Range Midpoint	10	$17,809
Over Range Maximum	1	$1,199

The Payroll Analysis Report also includes compa-ratio calculations. Compa-ratio is calculated by comparing an employee's annual salary to the midpoint of their pay range. Compa-ratios reveal how far an employee's pay deviates from midpoint of their range. If an employee has a compa-ratio of 100%, they would be considered right "at market."

The overall average compa-ratio for the Illinois Heartland Library System is 85.4%. This indicates that when employee pay rates were compared against the market-based pay grade structure, employee pay rates collectively lag the structure by 14.6%.

Individual compa-ratio figures range from 59.3% to 132.4%. To ensure all employees are paid within range, compa-ratio figures should fall between 80% and 120%.

Implementation

The Illinois Heartland Library System is encouraged to make implementation plans to correct any inequities that exist and ensure proper plan administration going forward.

As a result of this project, it was discovered that 47 employees have pay rates that fall below the minimum value of their new grade. It is strongly recommended these pay rates be increased as soon as possible to ensure all employees are paid within the newly created pay ranges.

The outcomes also show one employee has a pay rate that exceeds the maximum of their range. It is recommended the Illinois Heartland Library System select one of the following cost-containment strategies:

1. Freeze the pay of any employee who is being compensated above the maximum value of the pay range. With time, the annual structure adjustment will move the pay range upwards, and the employee will fall back within the pay range. At that time, the employee can resume receiving regular pay increases.

2. Freeze the pay of any employee who is being compensated above the maximum value of the pay range and provide a lump sum bonus in lieu of a traditional pay increase. This allows you to reward the employee monetarily, without giving base pay increases which compound over time.

3. Freeze the pay of any employee who is being compensated above the maximum value of the pay range and give a non-monetary reward (such as additional vacation time) in lieu of a traditional pay increase.

Once these adjustments are made, the Illinois Heartland Library System should then focus on the appropriateness of each employee's pay rate relative to their new pay range. Although the project outcomes show an overall compa-ratio of 85.4%, there may be employees that are inappropriately low or high in their pay range, when considering their job performance, skills, experience and/or tenure.   In an effort to pay competitively, the Illinois Heartland Library System should consider giving market adjustments to employees who are in need of an increase. Depending on the financial resources required to make the necessary adjustments, the Illinois Heartland Library System may consider issuing market-based pay adjustments over a one, two, or three year period.

Communication

This benchmarking project gives the Illinois Heartland Library System a solid foundation for explaining changes to the compensation program. To assist with internal communication and documentation, a sample Compensation Philosophy and Policy has been included with this project.

Plan Maintenance

HR Source staff is available to assist with questions that may arise during plan implementation and administration. We will continue to be vitally interested in the continued effectiveness of this project.

Going forward, all pay ranges must be updated annually to stay aligned with the market and compliant with minimum wage. Please contact HR Source prior to July 1, 2022 for structure adjustment figures and instructions. Annual structure adjustments are a recommended pay practice, but they should not be a replacement for compensation benchmarking at regular intervals. We recommend all market benchmarking projects should be formally and fully revised every three to four years.

The Illinois Heartland Library System is encouraged to view this analysis only as a guide in determining if actual inequities exist, taking into consideration factors such as individual job performance, labor market availability, newly assigned or inexperienced personnel or other criteria which may logically have a bearing on individual rates of pay.

Illinois Heartland Library System
Pay Grade Assignments
Based on a 40 Hour Workweek

Pay Grade	FLSA	Position Title	Range Minimum	Range Midpoint	Range Maximum
16	E	Associate Director	$102,563	$128,204	$153,844
			$49.31	$61.64	$73.96
15	E	IT Director	$92,812	$116,015	$139,218
			$44.62	$55.78	$66.93
14		Hold for future use	$83,989	$104,986	$125,983
			$40.38	$50.47	$60.57
13	E	Finance Director	$76,004	$95,005	$114,006
			$36.54	$45.68	$54.81
12	E	SHARE Director	$68,778	$85,973	$103,167
	E	Operations Director	$33.07	$41.33	$49.60
	E	Human Resources Director			
11	E	Web Developer	$62,239	$77,799	$93,359
			$29.92	$37.40	$44.88
10	E	Network Administrator	$56,322	$70,403	$84,483
	E	Area Manager	$27.08	$33.85	$40.62
	E	Operations Manager			
	E	SHARE Bibliographic Services Manager			
	E	SHARE Administrative Services Manager			
	E	Bibliographic Grant Manager			
9	E	Membership Coordinator/Public Library Liaison	$50,968	$63,710	$76,452
			$24.50	$30.63	$36.76
8	E	Web IT Administrator	$46,122	$57,653	$69,183
	E	Senior Accountant	$22.17	$27.72	$33.26
	E	Cataloging Supervisor/Cataloger 3			
	NE	Executive Assistant			
7	E	Metadata Cataloger/Cataloger 2	$41,737	$52,172	$62,606
	E	SHARE Cataloger	$20.07	$25.08	$30.10
	E	Marketing Coordinator			
	E	SHARE Circulation & Resource Sharing Specialist			
	E	Communications Coordinator			
6	NE	SHARE Reporting Services Specialist	$37,769	$47,212	$56,654
	NE	Accounts Receivable Coordinator	$18.16	$22.70	$27.24
	NE	SHARE Administrative Services Specialist			
5	NE	SHARE Technical Support Specialist	$34,179	$42,723	$51,268
	NE	Human Resource Assistant	$16.43	$20.54	$24.65
	NE	Administrative Assistant			
	NE	Accounting Assistant			
4	NE	ILDS (Illinois Library Delivery Services) Coordinator	$30,929	$38,662	$46,394
	NE	Cataloging Assistant	$14.87	$18.59	$22.30
	NE	Delivery Coordinator			
3		Hold for future use	$27,989	$34,986	$41,983
			$13.46	$16.82	$20.18
2	NE	Courier Driver	$25,328	$31,660	$37,992
			$12.18	$15.22	$18.27
1	NE	Sorter	$22,920	$28,650	$34,380
			$11.02	$13.77	$16.53