I. COMPENSATION POLICY

It is the policy of the American Library Association (“ALA”) to provide a competitive total compensation package to all employees based on their level of responsibilities, qualifications and contributions to the achievement of the association’s mission, goals and objectives, and strategy while respecting membership by maximizing the value of limited resources.

II. COMPENSATION OBJECTIVES

ALA’s compensation program, subject to its overall financial capabilities and budgetary priorities, is designed to meet the following objectives:

- To provide competitive total compensation that appropriately recognizes the employee’s level of responsibility through base salary, incentives and benefits.
- To promote and maintain internal and external equity to reflect the value of each job in relation to other jobs in the organization.
- To recognize and reward superior performance, thereby motivating employees to perform in a manner which positively contributes to the association’s success and to their personal growth.
- To promote developmental opportunities for all employees through a salary grade structure that allows flexibility and movement through broad pay ranges.
- To link pay directly with the association’s mission, goals and objectives, and strategy.
- To support growth by attracting, motivating and retaining competent employees.

All aspects of ALA’s total compensation program will be reviewed and adjusted periodically to meet changing association and employee needs as well as to compete in the marketplace.

III. COMPENSATION RESPONSIBILITIES

The Director Human Resources is responsible for:

- Administering compensation programs that are in compliance with ALA guidelines, treat employees fairly and prevent discriminatory practices.
- Developing and designing compensation programs in support of ALA’s mission, goals and objectives, and strategy.
- Ensuring that current Position Content Documents (“PCDs”) are maintained in Human Resources’ files.
- Evaluating jobs using the Job Evaluation Methodology as described in this policy.
- Reviewing and approving, as appropriate, requested exceptions to existing compensation policies and practices in consultation with the Executive Director.
• Reviewing and approving, as appropriate, recommended salary adjustments.

IV. COMPENSATION PRACTICES

A. Salary Grade Structure

The compensation structure has been designed to allow flexibility with respect to career development and movement within the association. The structure will be reviewed annually to determine its competitiveness with other associations drawing from similar national and local labor markets.

The structure consists of eleven grades and three segments within each salary grade. Each grade reflects the relative worth of the jobs in that pay grade to jobs in other grades.

Segment 1 – The minimum to the first third of the salary range. This segment will generally be occupied by employees who are new to a position and/or have less experience and skill.

Segment 2 – The middle third of the salary range is generally reserved for employees who have the experience, skill and ability to acceptably perform all of the duties of the job. These employees should also be solid performers. The midpoint represents the competitive market rate for the position. Segment 3 – The top third of the salary range is generally occupied by employees who are highly experienced in the position and/or who consistently demonstrate outstanding performance over time.

B. Job Evaluation Methodology

(i) Position Content Document (“PCD”)

In order to evaluate a job, the unit manager must provide a completed PCD to the department head for approval.

The PCD is used to establish why the job exists; the scope of responsibilities and duties of the job, the knowledge, skills and abilities necessary to perform the job, and its overall impact on the association’s mission, goals and objectives, and strategy.

PCDs should generally be written or updated under two circumstances - 1) when a new job is created and included in the budget process, or 2) when significant change(s) occurs in the scope of responsibilities of a current job or external market conditions.
Once the PCD is complete, the department head should forward it to Human Resources for evaluation. The job will be evaluated pursuant to the Job Evaluation Process outlined in B(iii) below.

(ii) Evaluating the Job

The association uses internal and external market data to evaluate jobs and assign them to salary grades. The job is compared internally to other jobs across the association with similar job titles and/or responsibilities and externally to nationally recognized compensation market data to ensure that all jobs are being paid at competitive levels in comparison to similar associations. When appropriate, national or local industry-specific data is considered in the evaluation.

(iii) Job Evaluation Process

The Job Evaluation Process establishes a process by which a Unit Manager/Department Head may request an evaluation of a new or re-evaluation of an existing job within their respective unit. Only new, unclassified jobs that have been approved by the Executive Board during the annual budget process will be evaluated.

The following steps must be followed in order to maintain the integrity of the process:

Step 1  

For a new job:

Prior to recruitment, the Unit Manager, with approval from the Department Head, provides the Director Human Resources with a completed PCD and any other information that is relevant to the analysis. A PCD is used to establish why the job exists, the scope of the responsibilities and duties of the job, the knowledge, skills, and abilities necessary to perform the job and its overall impact on the association’s mission, goals and objectives, and strategy. If the new job is an addition to the Job Title Table, the job must be approved by the Executive Board during the annual budget process.

For existing jobs:

In consultation with the Director Human Resources, the Unit Manager, with approval from the Department Head, provides the Director Human Resources with written documentation explaining why a particular job within the unit requires re-evaluation. Job re-evaluation may be required because of a significant change in job responsibilities or external market
conditions. This documentation must also include a formal request for a job re-evaluation, a copy of the current Position Content Document, a copy of the changed Position Content Document, and a summary document explaining the changes between the current and changed Position Content Documents.

Step 2  The Director Human Resources confirms receipt of the aforementioned request to the Unit Manager within 24 hours of receipt. This written confirmation includes a date by which the job evaluation or re-evaluation will be complete. This date will be no more than 14 business days after receipt of the Unit Manager’s request for a job evaluation/re-evaluation.

Step 3  Director Human Resources, or designate, will review the request, the Position Content Documents, and all supporting documentation. If necessary, a meeting with the Unit Manager may be scheduled to answer any outstanding questions. Once the major responsibilities are clearly understood, the job will be compared to internal and external market data. Internal data includes a comparison of jobs with similar job titles and/or responsibilities across the association. External market data sources may include current data from at least two of the following survey sources - Unifi Network (formerly PricewaterhouseCoopers), Watson Wyatt, William M. Mercer, Reggio and Associates, Inc., Sullivan Cotter and Associates, Inc., Association Forum of Chicagoland or other surveys as appropriate. The listing of external market data sources includes not-for-profit and membership/association organizations and will be periodically reviewed and amended to reflect the most applicable market data sources.

Step 4  The Director Human Resources, or designate, prepares written documentation supporting the salary grade of the evaluated or re-evaluated job.

Step 5  For new and existing jobs:

The Director Human Resources, or designate, schedules a meeting with the Unit Manager/Department Head to present the job's salary grade determination.

Step 6  Refer to Employee Issue Resolution Process if there is disagreement between the Unit Manager/Department Head and the Director Human Resources as to the job’s salary grade determination.
Step 7  *For existing jobs:*

The Unit Manager/Department Head schedules a meeting with the affected employee to discuss the job re-evaluation determination and any impact of the salary grade change.

Step 8  *For existing jobs:*

The Unit Manager/Department Head submits all applicable paperwork to affect the grade change within five days of the Step 7 meeting to the Director Human Resources or designate. Grade change, and any pay change which may result from this re-evaluation, is effective the first or the fifteenth of the month following receipt of all applicable paperwork from the Unit Manager.

If all applicable paperwork from the Unit Manager/Department Head is not received within five business days of the referenced meeting, the grade change will automatically be processed by the Human Resources Department on the effective date exclusive of any pay adjustment which may have been previously agreed upon between the Director and Unit Manager/Department Head. Once paperwork is received, job re-evaluation monies will be paid to the employee in the next payroll cycle. No retroactive pay adjustments will be approved.

Step 9  *For new and existing jobs:*

The designate of the Director Human Resources processes applicable paperwork and confirms action with the Unit Manager.

The above process may be adjusted by the Director Human Resources depending on the number of jobs received for evaluation or re-evaluation. The Unit Manager/Department Head will be notified of the necessary adjustment.

C.  **Salary Adjustments**

As part of the annual budget process, the Director Human Resources will review general pay and benefit movements, both nationally and in ALA labor markets, and report this information to the Senior Management Group. The Senior Management Group will establish a total salary budget that encompasses all salary increases mentioned below. This budget, identified on a proportional basis by general and divisional funds, will be determined annually.

(i)  Salary Offers
Offers of regular or temporary full- or part-time (grant funded) employment will be extended in writing to the applicant by the Director Human Resources or their designate.

Regular is defined as a salaried or hourly employee hired for a period of indeterminate duration.

Temporary is defined as a salaried or hourly employee hired for a period of predetermined and relatively short duration. No temporary assignment will exceed six months without the prior approval of the Director Human Resources.

Full time is defined as working thirty-five (35) hours per week on a regularly scheduled basis.

Part time has two definitions; part time - working 17.5 hours per week but less than 35 hours per week, and part time - working less than 17.5 hours per week.

Regular full-time and part-time (working 17.5 hours per week but less than 35 hours per week) employees are eligible to participate in ALA’s benefit programs; temporary, part-time (working less than 17.5 hours per week) and independent contractor employees are not eligible.

Base salary offers for new employees should be at least the minimum of the salary grade range but generally should not exceed the range’s midpoint. In special cases, education, training, experience or other special qualifications should be recognized by employing at a higher rate. If the hiring rate is in Segment 1 of the range, the unit manager can approve the hiring rate. If the recommended rate is in Segment 2 of the range, the department head must approve the rate. If the recommended rate is above the midpoint of the range, the Director Human Resources and the Executive Director must approve the rate.

Independent contracts and rates will be negotiated by the Director Human Resources, in concert with the Unit Manager/Department Head, and will be extended to the incumbent by the Director Human Resources or their designate.

(ii) Merit Increases

Employees are eligible for merit increases each September 1.
A merit increase may be granted to reward an employee for achieving an Overall Performance Rating of at least a 2.0 on the Performance Appraisal Form.

Employees may receive additional compensation depending on their performance level as determined by their performance appraisal. The association maintains a system by which merit increases and incentives are determined annually. This system is based on a comprehensive market review of merit and salary increase guidelines for similar associations.

(iii) In-grade Developmental Adjustment

An employee may be eligible for an in-grade developmental adjustment to their base salary when the employee transfers to another job that is within the same salary grade or when there is a significant increase in the responsibilities of the employee’s present job that does not result in a grade change. In order to be eligible for an in-grade developmental adjustment, an employee’s new job should involve significantly different responsibilities that will provide professional development opportunities and will increase the employee’s contribution and value to the association.

In-grade developmental adjustments will vary depending on the individual’s performance, experience, skills, current compensation, amount of last increase(s), and the compensation of other incumbents in the same job and in the same salary grade.

Recommendations for in-grade developmental adjustments must be submitted to the Director Human Resources for review and approval prior to any discussion with the employee.

(iv) Out-of-grade Promotion

An out-of-grade promotion is the movement of an employee to a job in a higher salary grade. In most cases, a salary increase should be given when the grade is increased but it should not be viewed as automatic. Each situation must be evaluated separately by the Director Human Resources. When determining the size of the promotional increase, several factors should be considered including the employee’s current salary, individual performance, experience, skills, amount of last increase(s) and compensation of other incumbents in same job and in the same salary grade.
In the event that an employee’s position is reevaluated into a higher salary grade but no material change has occurred in the job’s responsibilities, the employee’s salary may not necessarily be increased unless the current salary falls below the minimum of the new salary grade.

Recommendations for out-of-grade promotions must be submitted to the Director Human Resources for review and approval prior to any discussion with the employee.

**In-grade Developmental Adjustment and Out-of-grade Promotion Guidelines**

**In-grade Developmental Adjustment**
- Up to 5.0%.

**One Grade Promotion Increase Percent**
- Up to minimum of new salary grade and/or up to 7.5%.

**Two Grade Promotion Increase Percent**
- Up to minimum of new salary grade and/or up to 10.0%.

(v) Under Minimum Adjustment

Employees are brought to the minimum of the salary grade range.

(vi) Above Maximum Adjustment

It is practice to pay employees within the salary range to which their job has been assigned. The maximum of the range is the highest salary level that ALA pays for that particular job and represents a fully competitive pay rate for a very experienced employee.

Recommendations for an above maximum adjustment must be submitted to the Director Human Resources for review and approval prior to any discussion with the employee.

(vii) Pro-rata Adjustment

In the case where an employee has been hired within the last year, the pay adjustment is prorated to reflect the time period involved since the hire date. The formula used in making this calculation is as follows:
COMPENSATION POLICY

Percent Increase x Days Since Hire Date = Pro-rata Adjustment

Percent

365 Days Per Year

For example, if an employee is eligible for a 6.0% merit increase but the employee’s hire date was 100 days ago, then the increase would be 1.64% based on the above formula:

6.0% Percent Increase x 100 days since hire date = 1.64% Pro-rata Adjustment

365 Days Per Year

6.0% x .2740 = 1.64%

(viii) Grade Decrease

A grade decrease is the movement of an individual to a job in a lower salary grade.

When a job reassignment to a lower grade occurs due to inadequate performance or disciplinary reasons, etc., consideration will be given to reducing the employee’s salary so that it is more in line with the new salary range.

When the grade decrease is due to a non-performance related reason, the employee’s salary need not be reduced unless the continued high compensation and reduced responsibilities create an untenable situation (i.e., the employee’s compensation far exceeds that of the manager/supervisor). In this case, the employee is not eligible to receive further salary increases until the salary range for the new job moves up and the employee’s salary no longer exceeds the range maximum.

Recommendations for a grade decrease must be submitted to the Director Human Resources for review and approval prior to any discussion with the employee.

(ix) Leave of Absence

Merit increases are intended to reward a performance during which the employee is actively at work and performing duties on regular work schedule. Normal time off such as vacations, sick leave, bereavement leave, reasonable jury or witness service and short term military training (maximum of two weeks) does not affect the merit increase percentage.
However, in cases where an employee is on an extended leave of absence (three consecutive months or more) or on sabbatical leave (four consecutive months or more) during the reviewing year, the amount of the merit increase will be pro-rated to reflect the leave time exceeding three months.

No increase will be processed with an effective date that falls during an employee’s leave of absence, even if the leave of absence is less than three months. If an employee is on leave of absence at the time of the common merit effective date, any increase will be effective on their return from leave date.

(x) Combined Increases

Increases of all types combined cannot exceed 20% of base pay in any 12-month period.

V. OVERTIME

The Federal Fair Labor Standards Act (the “Act”) requires that each employee be paid for all hours worked, and that s/he be paid time-and-one-half for all hours worked over 40 in a 7-day pay period, unless employee can be classified as “exempt” from the provisions of The Act. The Human Resources Department evaluates jobs and determines if they are covered (i.e., nonexempt from) or not covered (i.e., exempt from) the Act.

The association compensates employees for overtime in accordance with competitive pay practices as well as federal and state regulations, and makes every effort to plan required overtime with regard to its impact on employees and the service needs of ALA customers.

A. Control of Overtime

It is every supervisor’s responsibility to ensure that his or her employees are not working unauthorized overtime. Failure to receive prior management approval does not repeal the association’s requirement to pay for overtime hours worked. The supervisor may discipline employees for working unauthorized overtime; however, the supervisor may not refuse to pay an employee for working unauthorized overtime.

B. Overtime Pay

In compliance with Federal and State Wage and Hour Regulations, the association pays nonexempt employees for overtime worked and earned.
Earned overtime is paid for all hours worked in excess of the standard 35-hour workweek. The standard workweek is Monday through Friday; however, variations in the hours per day or days per week worked may be adjusted by the supervisor depending upon workload.

Overtime “regular rate” is defined as the employee’s regular straight time hourly rate of pay. A nonexempt employee who works more than 35 hours but less than 40 hours in any 7-day period will be compensated for those hours worked at the regular rate of pay.

Overtime “premium rate” is defined as one and one-half times the employee's regular straight time hourly rate of pay. A nonexempt employee who works more than 40 hours in any 7-day period will be compensated for those hours worked at the premium rate of pay.

Working more than seven hours in a day does not constitute overtime unless it results in working more than 35 hours in any 7-day period. The premium rate is not paid for hours worked on Saturday, Sunday or holiday unless the total number of hours worked exceeds 40 hours in any 7-day period. In computing overtime, vacation and sick hours are not classified as time worked. Holidays will be computed in calculating overtime.

Overtime for time worked by nonexempt staff at annual conference and midwinter meetings – including travel time – will be paid according to this practice. Supervisors may not authorize work schedules during a given workweek that differ from regular hours to avoid paying overtime, including prior to and during annual conference and midwinter meetings.

VI. INCENTIVE COMPENSATION

The Association Incentive Compensation Plan rewards employees when the association exceeds its performance targets.

The Employee Incentive Compensation Plan rewards employees for exceeding specific individual performance goals and competencies.

Details of the Association Incentive Compensation Plan and Employee Incentive Compensation Plan are contained in each individual plan document.

All incentive plans must be approved by the Executive Director before they can be issued and are reviewed on an annual basis. Incentive plans may, from time to time during the plan year, be modified by the Executive Director as appropriate.
VII. TAXATION OF SUPPLEMENTAL WAGES

Supplemental wages are compensation paid in addition to regular wages. Examples include, but are not limited to, bonuses, commissions, overtime pay, severance pay, awards, prizes, back pay and retroactive pay increases for current employees. Regular wages are defined as wages received for a specific time period worked.

It is the practice of the association to combine individual and organizational incentive pay (i.e., supplemental wages) into a single check and withhold income tax based upon the employee’s withholding allowance claimed on their Form W-4.

Supplemental wages are subject to social security, Medicare and FUTA taxes.

VIII. DISSEMINATION OF COMPENSATION INFORMATION

Salary information is prepared and made available in a number of formats. A Job Title Table, indicating pay grades and salary ranges for each job, is maintained on an ongoing basis by the Director Human Resources and distributed annually to Department Heads. The annual budget detail for each unit includes job titles and budgeted salaries and is also available to Department Heads. This information, as well as individual employee compensation, is available from the Director Human Resources to any ALA member on written request to the Executive Director.