APPLYING REPORT DATA LOCALLY

Wage Data

Data to help determine wage comparability are reported based on hourly wage of employees. Hourly wage or annualized salary are the only clear-cut measures available to determine comparability, since annual, monthly, bi-weekly, or weekly salaries and even daily rates are all dependent on the amount of time, i.e., number of hours, worked during that period. Hence, hourly wage, the "lowest common denominator," was chosen as the reporting unit. These hourly wages may be annualized by multiplying the hourly wage by the average hours worked per year. [See definition below.]

The "Compensation Analysis by Job Category" tables on pages 41-93 (wage tables) in this report provide average hourly wage by position, so that comparisons between actual wages paid by an agency and average wages for the position can be made.

Further comparisons can be made based on employee education, experience, certification or licensure, using the tables which break out wages by these factors on pages 29-35. Fringe benefits profiles [ages 36-41] enable organizations to compare benefits levels for individual benefits and benefits in the aggregate for positions at different organizational levels. Fringe benefits profiles also report the dollar value of percentage-based, flat-rate and leave benefits to allow for easy dollar comparisons.

Definitions

- *Annualized salary* is the salary earned for a typical 2,080- hour, full-time, full year appointment. For organizations using a different person year based on 240 days, 7.5 hours per day, or some other time periods, annualized salaries can be computed by multiplying the number of hours comprising a full-time, full year appointment by the hourly wage for that person or position. [FT hours for position x hour wage = Annualized Salary]
- *Annual salary* is based on the total hours *an employee actually works* in a year. Annual salary can be computed by multiplying the number of hours of service that individual or class provides by the hourly wage for the position. [Total hours x hourly wage = Annual Salary]
- *Total annual compensation* is comprised of the total annual salary plus the total value of fringe benefits received by an employee for the year.

Table column

- **Mean** - the arithmetic average (total amount reported by all respondents, divided by N) expressed in dollars, rounded to the nearest cent.
- **25%ile** – the data point below which one-fourth of all responses lie (also known as 1st quartile).
- **Median** - the **midpoint** of the distribution, expressed in dollars.
- **75%ile** – the data point above which one-fourth of all responses lie (also known as 3rd quartile).
- **N** - the number of survey responses for the position. Remember that it is difficult to determine comparability with any certainty with fewer than five cases.
- **Hours** – the average *hours worked per year* expressed as whole number
- **Exper** - the average number of years of *experience* expressed as a decimal rounded to the nearest tenth.

Guidelines for Using Wage Data in Local Organizations

The data reported in this survey meets the Head Start requirements for a local Wage and Fringe Benefits Comparability Survey and provides the basic information to assist programs to develop an equitable salary schedule tied to comparability data. An organization in the California labor market can use this data as the basis for the development of its wage and salary administration plan since this survey is a well-designed, broad based wage comparability study with a large enough sample to provide reliable data. The local plan should include a formal classification of positions. Benchmark positions and wages should be chosen. The salary schedule which is developed should reflect the relative worth of positions within the organization and provide salaries as comparable as possible to the wages paid to employees in similar positions in other organizations. These two elements - internal equity and external comparability - are crucial, if an organization is to attract and retain qualified employees, and distinguish between positions requiring different levels of factors like responsibility, risk and autonomy, with varied qualifications.

For most participating organizations, data from this survey can be used without any further computations. However, in high cost of living areas, it may be desirable to employ the correction factor described below to tailor the wage rates to better reflect higher cost labor markets.

The steps below may be followed to apply the data from this survey to a local wage analysis and to develop an equitable wage and salary administration plan. Following this procedure will ensure that comparability of wages is considered and internal equity is created.

Step 1. Collect wage, position, education, experience and credentials data from organizations in the area with comparable positions. For purposes of wage comparability, *area* is defined in the OMB Cost Principles as the relevant labor market. It is often impossible to collect adequate information in local communities to provide the level of comparability data required for a good comparability survey or it is difficult for organizations having neither the time nor in-house expertise to perform a local wage comparability study. If the relevant labor market is not the local community or if it is beyond an organization's service area, then state or broad area data may provide the best source of comparability. Many programs have completed this step by participating in this survey and asking others in their areas to do the same. Because of the breadth of the information in this report, state data will be the best source of information in many instances. Especially when organizations are looking at subsets of information (for example, teachers with and without state certification), it will be valuable to review statewide data rather than information from a narrower locale, since the number of cases in categories will be larger than for individual locales and certainly more reliable than for smaller areas within a state.

It is important to note that **different labor markets may exist for different positions**. For example, organizations are likely to recruit candidates for entry level positions from the local area, because people are unlikely to move to take those jobs. Similarly, there may be plenty of teachers or clerks in an organization's service area to establish good comparability for those positions. On the other hand, particularly in rural and suburban areas, there may be few individuals in positions comparable to that of a Head Start Director, Education Manager, or Human Resources Manager. Additionally, programs often recruit candidates for these positions from a broader labor market - statewide, regionally, or even nationally. Therefore, it is appropriate to look at data from that broader labor market when assessing the comparability of wages for these positions.

…different labor markets may exist for different positions.

B. Determine the need for cost of living adjustment. When data are collected from broader labor markets, it may also be important to correct for differences in cost of living in different areas. Generally, if your area median per capita or household income is significantly above or below the state's, a correction factor may be calculated.

C. Compute your area's correction factor. To do this, divide the median per capita or household income of your area by the state median per capita or household income. If your median per capita or household income is higher than the state average, your result will be greater than one; if it is lower, your correction factor will be less than one.

California's statewide **per capita income** for 2016 (the most recently available U.S. census data) was **$31,458.**

Example: your local median per capita income $37,124.00
State media per capita income $31,458.00
$39,124.00 / $31,458.00 = 1.18

The decimal provides the percent variation. In the above example, the service area median per capita income is 18% higher (.18 greater than 1.0) than the state median per capita income. For comparability purposes, the wages reported in the survey would be increased by 18% to more accurately reflect the significantly higher cost of living in your area.

Estimated Per capita income in the past 12 months (in 2016 inflation-adjusted dollars)				Estimated Per capita income in the past 12 months (in 2016 inflation-adjusted dollars)		
County	Per capita income	Margin of Error		County	Per capita income	Margin of Error
Alameda County, California	$ 39,042	$ 316		Orange County, California	$ 35,939	$ 250
Alpine County, California	$ 26,783	$ 5,636		Placer County, California	$ 37,914	$ 608
Amador County, California	$ 27,496	$ 1,320		Plumas County, California	$ 31,292	$ 2,464
Butte County, California	$ 25,077	$ 550		Riverside County, California	$ 24,443	$ 164
Calaveras County, California	$ 30,577	$ 1,558		Sacramento County, California	$ 28,292	$ 271
Colusa County, California	$ 25,745	$ 2,444		San Benito County, California	$ 27,848	$ 910
Contra Costa County, California	$ 40,792	$ 386		San Bernardino County, California	$ 21,857	$ 192
Del Norte County, California	$ 20,282	$ 1,417		San Diego County, California	$ 32,482	$ 192
El Dorado County, California	$ 37,089	$ 897		San Francisco County, California	$ 55,567	$ 795
Fresno County, California	$ 21,057	$ 229		San Joaquin County, California	$ 23,477	$ 300
Glenn County, California	$ 20,362	$ 1,354		San Luis Obispo County, California	$ 32,335	$ 644
Humboldt County, California	$ 24,038	$ 691		San Mateo County, California	$ 50,262	$ 575
Imperial County, California	$ 16,311	$ 408		Santa Barbara County, California	$ 31,098	$ 527
Inyo County, California	$ 28,678	$ 1,256		Santa Clara County, California	$ 46,034	$ 340
Kern County, California	$ 21,094	$ 279		Santa Cruz County, California	$ 34,732	$ 688
Kings County, California	$ 19,123	$ 626		Shasta County, California	$ 25,094	$ 567
Lake County, California	$ 21,799	$ 952		Sierra County, California	$ 31,873	$ 5,255
Lassen County, California	$ 20,072	$ 889		Siskiyou County, California	$ 23,542	$ 835
Los Angeles County, California	$ 29,301	$ 147		Solano County, California	$ 30,251	$ 435
Madera County, California	$ 19,021	$ 645		Sonoma County, California	$ 35,639	$ 506
Marin County, California	$ 63,608	$ 1,474		Stanislaus County, California	$ 22,915	$ 372
Mariposa County, California	$ 27,832	$ 1,689		Sutter County, California	$ 24,335	$ 747
Mendocino County, California	$ 25,278	$ 1,089		Tehama County, California	$ 21,521	$ 887
Merced County, California	$ 19,130	$ 415		Trinity County, California	$ 22,387	$ 1,450
Modoc County, California	$ 21,899	$ 1,504		Tulare County, California	$ 18,257	$ 372
Mono County, California	$ 31,059	$ 2,419		Tuolumne County, California	$ 29,431	$ 1,815
Monterey County, California	$ 25,947	$ 488		Ventura County, California	$ 34,331	$ 407
Napa County, California	$ 38,057	$ 1,018		Yolo County, California	$ 28,996	$ 564
Nevada County, California	$ 33,385	$ 1,361		Yuba County, California	$ 21,418	$ 909

Data source: U.S. Census Bureau - factfinder

D. Multiply the survey hourly wages by your correction factor to obtain an adjusted hourly wage for each position. You need not multiply all hourly wages by your correction factor, *but only those for the positions chosen as benchmark positions.* (See Step 4.) These corrected figures will be your benchmark wages.

Example: Survey wide average hourly wage for Teacher I - $18.78

To adjust this hourly wage for your program which has an area median per capita income of $48,000, multiply the hourly wage by your correction factor of 1.17:

$18.78 x 1.17 = $21.97

Step 2. **Classify agency positions.** One way to do this without engaging in the time-consuming and costly process of formal job analysis follows.

Rank the positions.

- List all jobs titles in the organization.
- Convene a task group of people in the organization who are knowledgeable about agency jobs. It is suggested that the task group involve at least seven and no more than twelve members to obtain a range of input, but avoid creating a group of unmanageable size.
- Ask them to rank order the positions according to one or more dimensions, such as responsibility, difficulty, authority, qualifications, demand, working conditions, etc.
    - The position with the greatest responsibility or highest qualifications or with most authority (depending on the dimension) should be ranked "1," while those with the least responsibility or authority and lowest qualifications receive the highest numbers.
    - No two positions should be given the same ranking.
    - If multiple dimensions are used (e.g., responsibility and qualifications), separate rankings should be performed for each dimension.

Compile the rankings by summing the scores from all task group members for each position and dividing by the number of rankers to determine an average (mean) score for each position. If multiple dimensions are used, compile the rankings for each dimension and add the scores together across dimensions to determine a composite score for each position. In some instances, especially where there is wide disparity in rankings for individual positions, it is desirable to throw out the high and the low ranking for each position and recalculate the means.

Step 3. Cluster jobs with similar rankings. Discuss clusters with task group members to make sure that jobs clustered together belong in the same grade. Review job descriptions, talk to supervisors and job incumbents, if questions remain. Cluster positions in question with more similar jobs based on the wisdom of the group. Then establish grades, levels, or classifications for these clusters of jobs.

Step 4. **Select at least one benchmark position from each grade,** if possible. Benchmarks should be jobs for which comparable positions with at least five cases exist in the survey.

Step 5. Apply information collected from this and/or other surveys to those benchmark positions. Compare data from the survey with data from your organization. The individual agency reports that each participating organization was prompted to generate upon completing all data entry for this report will make this comparison easier. Fill in between grades to complete your salary scheme for each grade, if there are grades without benchmarks. Ensure that there is a logical salary progression from grade to grade, using comparability data as guides, not as absolutes.

Step 6. **Construct a salary schedule** based on the benchmark data, grades, agency ability to pay and step (i.e., annual and/or merit) increments or pay bands.

Using this six-step process will enable you to develop a position classification system, clustering jobs based on similar levels of responsibility, qualifications, etc. and aligning positions within the agency according to their relative worth. The process yields benchmark position comparisons which reflect the differences or similarities between agency wages for positions in a given classification and those paid by similar employers with similar positions in the relevant labor market. From these findings, a salary schedule which includes entry level wages for each classification and either step increases or broader pay bands will emerge. You can choose a percentage (like 2%) to approximate cost of living increases to separate steps throughout the salary schedule. (See discussion in *Employee Level Variables - Experience* of this report.)

To consider: Steps v. pay bands

Step increases

A number of factors must be considered to help determine the amount of a step increase, such as whether your salary schedule must fit into a larger agency scheme, whether you plan to offer step-based merit increases as well as increases based on additional years of experience, how cost-of-living increases will be awarded, etc. You may also want to consider whether step increases should be constant throughout the salary schedule or increase at a declining rate (e.g., steps 1-10 at 2%, steps 11- 20 at 1.75%, steps 21-30 at 1.5%). A step-based salary scale with 2% increases from step to step could be charted as follows:

Step :	0	1	2	3	4	5	6	7	8 etc.
Grade 6	$10.00	10.20	10.40	10.61	10.85	11.04	11.26	11.49	11.72

Pay bands

It is also possible to use an approach called *pay banding*, rather than the steps described above. In this system, wage comparability data (particularly the range, as defined by the mean wage plus or minus the standard deviation) is used to help the organization generate smaller ranges "banding" pay at entry, mid and high levels. For example, a pay band for a benchmark position with a mean wage of $15/hour and a standard deviation of $2.50 could be defined as follows:

	Entry	**Mid**	**High**
Grade 6	$12.50-13.99	$14.00-15.99	$16.00-17.50

Connecting Salary to Job Descriptions

The salary schedule provides the basis for assigning salaries and noting salary ranges on job descriptions. It should be used to place each employee at the compensation level appropriate to his/her position and qualifications, to assign salary levels for new hires, and to guide salary decisions for employees who are promoted within the organization. It also reflects a career and compensation progression showing employees how salaries will increase with professional and career development.

Fringe Benefits Data

Before finalizing a salary scale, it is important to factor in data on fringe benefits. This 2017 *California Head Start Compensation Survey* reports data on fringe benefits for selected positions. As noted above those positions were chosen to represent a variety of factors – exempt and non-exempt positions, professional and paraprofessional jobs, full-year and part-year, as well as full-time and part-time appointments.

In examining the fringe benefits profiles (*pages 36-41)*, attention should be paid to both the individual benefits and benefits in the aggregate. If your program's fringe benefits are relatively low, look at the breakdowns by position to see whether your organization does not provide some benefits or provides them at very low levels. Or perhaps your benefits package is limited, but your wages are higher than average, so compensation might still be comparable. If your benefits are relatively high, it may be possible to lower your hourly wage rates and still be competitive. Alternatively, low benefits rates must be balanced with higher wage rates in order to attract and retain talent.

Many organizations have begun to provide information to employees on their total annual compensation, not just their salaries. Including the employer contribution for fringe benefits in information to employees describing their compensation paints a complete picture of the organization's investment in each staff member. Of course, it is also critical to account for fringe benefits, particularly those that are percentage based, when calculating the effect of salary increases on the total budget. When wages go up, those benefits that are calculated as a percentage of pay (e.g., FICA/Medicare, unemployment insurance, pension/retirement, etc.) also increase. So it is impossible to compute the impact of wage increases on the budget without also considering how those increases affect fringe benefits.

Recall that there are three basic characteristics of a good compensation plan:

- Compensation is *comparable* with that paid by other similar organizations in the labor market to employees in similar positions with similar qualifications.
- Employee wages and benefits are *equitable*, i.e., they are fair relative to other employees in the agency or program.
- The plan is *affordable*.

If the first two elements are not in place, your agency's compensation plan will not enable your organization to routinely attract and retain qualified employees. While the affordability factor may limit your organization's ability to pay comparable wages, every organization should craft its compensation plan so there is fairness in compensation across the agency's workforce, i.e., that individuals in the same position or grade with similar qualifications and performance (if merit pay is part of the pay structure) earn similar wages. While all plans must be affordable and while internal equity should be the goal of any wage and benefits administration plan, it is not always possible to pay comparably with outside organizations. However, this wage and fringe benefits comparability survey provides the information necessary to make comparability determinations and whenever possible adjust wage and benefits rates to compensate employees as competitively as possible.

Considerations for Applying Survey Data in Local Organizations

This report enables the reader to examine wage and fringe benefits comparability data at the state level. Also provided are data including education, experience, supervisory responsibility, and certification, credential, or licensure that enable users to see the average profiles of the 53 positions based on these variables. It is important to consider several key points in applying these or any survey data to a local organization.

First, **it is difficult to determine wage comparability with real accuracy on the basis of only a few cases.** Therefore, for those positions of which there are only one or two per agency, wage comparability must be determined from a larger sample, ordinarily state or other broad market area data. Take care not to base comparability on a small number of cases and check the number of cases in each category when reviewing the tables in the *Tables of Data* section of this report. It is suggested that wage comparability not be established using positions with fewer than five cases.

Second, for positions such as Teacher, Teacher Assistant, Bus Driver, Cook, Secretary, and so on, **where there are a large number of cases, state level or even local data may be more than adequate to determine comparability.** It is also wise to choose more frequently occurring positions for benchmarks to ensure adequate numbers to clearly establish comparability. That is, for a grade which may include Teacher Assistants, Disability Assistants, and Human Resources Assistants, you are advised to choose Teacher Assistant rather than Disability Assistant or Human Resources Assistant as the benchmark, since fewer of the latter exist in either this survey or in communities in general.

If an organization has positions that are not addressed in the survey, it is still possible to obtain comparability data for those positions. The mini-job descriptions included in the survey will aid in identifying other positions requiring similar skills, education, experience, certification, and/or responsibility. Additionally, positions classified in the same grade within your position classification system should command the same wages, even though there may not be data on all positions within the grade or level. That is the reason that benchmark positions are chosen for each classification or grade.

The third issue is that **agencies can establish wage comparability for positions which do not have the same titles or are not included in the** survey *as long as levels of responsibility, qualifications, and so on are commensurate with - or if tasks are similar- to other positions which are included.* For example, there may be sufficient similarity between a Head Start Parent Involvement Specialist and an assisted living facility's Resident Activities Director to apply comparability data between these two jobs, even though the job title *resident activities director* is not included in this study. To avoid missing the opportunity to compare positions which are similar in duties but not in name, this survey provided mini-job descriptions, including other frequently used titles for each job, to help respondents identify positions with similar responsibilities, but with different titles.

Fourth, **without mobility, there is no comparability.** That is, if the credentials, experience, or other qualifications for one job would not allow its incumbents to move into another job with the same or similar title, comparability cannot be established between those jobs. For example, even though a public school and a Head Start job may both carry the title *teacher*, if the public school position requires a BA/BS and a state awarded teaching certificate and the Head Start position requires only an associate's degree, the jobs are not comparable for pay purposes. Likewise, if an individual in Head Start with the job *teacher* does not possess a teaching certificate, that person does not have the mobility to move into that public school job; therefore, the jobs and, consequently, the salaries need not be comparable. For that reason, this survey reports wages for jobs with breakdowns of education and licensure, credential and certification.

Finally, **a survey such as this one should be used as a guide, providing benchmarks in specified positions, not as a salary schedule.** Because data are submitted from a variety of sources, steps and levels are not necessarily consistent within the survey. A case in point is that in this survey a Health/Nutrition Manager with some type of certification (primarily a Registered Dietician, Registered Nurse or Licensed Practical Nurse) averages $20.76 an hour, while those possessing no certificates or credentials earn on average $21.38 an hour. Working an average of 1,560 hours per year, this 62¢ per hour difference amounts to nearly $1,000 a year. While at first blush this may appear to be an error in the survey, it simply reflects the fact that the survey reports data compiled from 72 different organizations and it is not designed to be adopted as a salary schedule. (Likewise, credentialed Health/Nutrition Managers certainly should not have their hourly wages reduced when they add an RD, RN or LPN to their qualifications.)

Similarly, examining wages alone, a Disabilities Assistant survey wide earns an average of $21.55 while a Teacher I, usually a position requiring more education, training and responsibility averages only $18.78. But recall that some school systems categorized special education teachers, several of whom have Master's degrees in special education, in the Disabilities Assistant position. In a position classification system where a Teacher I is classified in a grade somewhere above a Disabilities Assistant, the organization would want to examine other benchmarks in the two and surrounding classifications and the qualifications for each position to determine whether the Disabilities Assistant wage should be lower or the Teacher I's higher to create a sensible salary scale.

In Conclusion

In applying the data from this survey to support local compensation planning, it is important to recognize these issues and use caution so that decisions are not made on the basis of inadequate, unadjusted, or incongruous information or inappropriate comparisons. However, by conscientiously applying the steps listed above and considering these five issues, a valid assessment of comparability of wages and fringe benefits can be made; an equitable, affordable and competitive wage scale can be designed; and a thorough compensation plan can be achieved.