

Manager & Supervisor Job Aid: Determining Starting Salary of a New Hire

Salary decisions are part of an organization's larger workforce planning strategy. An appropriate starting salary can:

- **Attract** the candidate that is best suited for the needs of the unit.
- Leave room for salary **growth** in the job as the new employee grows in knowledge, skills, experience, and scope of responsibility.
- **Balance** salary relationships with existing employees.

Step 1: Gather Information

Salary decisions take many factors into consideration. Start by gathering information to understand the resources, constraints, and processes that will guide salary determination.

- **What is the decision-making process?** Who needs to approve the starting salary? Who should be consulted? Who needs to be informed?
- **Who are my resources?** These may include your human resources contact, your manager, and the person overseeing finances or administration in your unit. They can provide important information such as budget, salary data, market trends, and unit-specific recruitment resources.
- **What is the salary budget for this position?** In addition to a position's salary range, the salary budget may limit starting pay to a narrower range.

Salary Budget

Salary budget is the funds designated for paying salaries. Factor your salary budget into the recruitment strategy at the beginning of the recruitment process.

- If budget is limited, can you aim to recruit an entry-level employee and grow them into the position?
- If budget is flexible, does the work unit need someone who is new to the job and developing, someone who is experienced, or someone who is advanced and expert in the job?
- Once you have determined the salary budget, consult with your HR contact on how to [advertise the target salary range](#) in the job posting.

Step 2: Assess the Final Candidate

Not all candidates who qualify for a job should be offered the same salary. Starting salary to offer a final candidate depends on the **compensable factors** that they bring to the job.

Compensable Factors

Compensable factors are factors that influence how a job is paid. These factors include knowledge, skills, abilities, experience, education, licenses, or certifications that are relevant to the position and enhance an employee's ability to excel in the position. Compensable factors should not include qualifications that are not relevant to the job.

Example: A Certified Public Accountant (CPA) certification is a compensable factor for an Accountant I job because it is relevant to the work. A CPA is not a compensable factor for an AV Technician job because it is not relevant to the work.

Qualifications identified in the job posting and interview process are helpful guides to determine whether qualities a final candidate brings are considered compensable factors.

Differentiation within a Salary Range

Academic Staff, University Staff, and Limited Appointee jobs at UW–Madison have assigned salary ranges. The salary range allows you as a hiring manager to choose a salary that reflects the final candidate’s level of proficiency. An entry-level candidate should be at the beginning of the salary range. An experienced candidate should start further along the salary range.

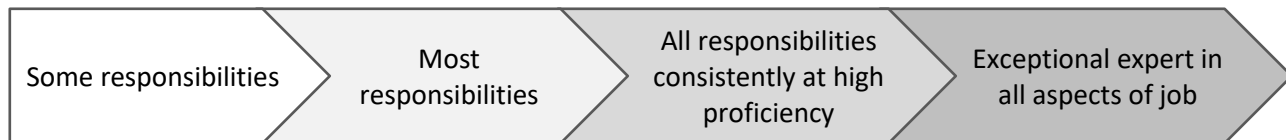
One way to think about the salary range and a final candidate’s placement along the range is to divide the range into quartiles, or four equal sections. Narrow a final candidate’s starting salary to the quartile that their qualifications match most closely.

Quartile 1	Quartile 2	Quartile 3	Quartile 4
Typical zone for starting salary for an individual with little or no experience in the job and who is on a steep learning curve	Typical zone for starting salary for an individual experienced in most job responsibilities	Unlikely to be a typical zone for starting salary except for individuals with extensive direct job experience	Rarely appropriate as a zone for a starting salary

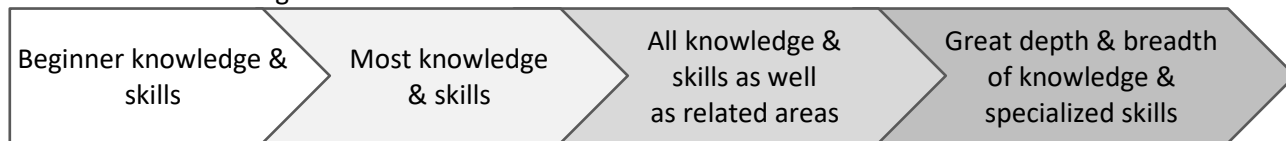
Refer to [Salary Structure with Midpoints and Quartiles document](#) for a breakdown of each salary range by quartiles.

Questions to Assess Final Candidate’s Placement on the Salary Range

Can the final candidate perform the full scope of responsibilities?



What level of knowledge and skills does the final candidate have?



What level of supervision does the final candidate need?



Step 3: Assess Salary Relationships

Once you identify the final candidate's approximate placement on the salary range, work with your HR representative to explore the impact of the proposed starting salary on salary relationships.

Salary relationships to consider include pay of employees doing similar work:

- Within the same unit.
- Within the same school, college, or division.
- Across campus.

Questions to consider:

- How does the pay of existing employees doing similar work compare with the new hire's salary?
- Are the pay positions of existing employees on the salary range aligned with their level of knowledge, skills, and scope of responsibilities?
- What are the downstream impacts of starting the new hire at this salary?

Discuss the various impacts with your HR representative and explore salary options that can attract the final candidate, balance salary relationships, and fit within the unit's budget.

Tips for Talking about Salary with a Final Candidate

- Asking a candidate for their salary expectation can help you to have an upfront conversation during salary negotiation. Asking a candidate about their salary history (current and past pay) is discouraged because it can perpetuate pay inequities and introduce bias instead of determining salary based on the individual's compensable factors.
- In addition to salary, benefits such as insurance, retirement plan, leave, and workplace flexibilities are part of a total compensation package. The [UW System Health and Retirement Benefits Contributions Estimator](#) calculates the dollar value of employer-paid benefits. Share the value of the job's total compensation package with the final candidate.
- Consult with your HR Representative on programs and strategies that your school, college, or division offers to attract and retain talent.

Summary

Competitive pay is part of an organization's total rewards strategy, which also includes benefits, employee well-being, and career development. An appropriate starting salary, in coordination with other total rewards components, can attract, engage, and retain talent.

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