

Tips for New Hire Pay



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One of the most complex aspects of a new employee hire is agreeing on an entry salary. Your agency has an idea of what it would like to pay, prospective employees have their own idea of how much they expect to be paid, Civil Service has set pay ranges and related rules for setting hire rates, and budget can be a limiting factor. Each salary negotiation is different, but all need to address the three questions below.

What does the market pay?

Each year the Department of Civil Service analyzes the pay plan and recommends changes to the Commission. We set our pay ranges in accordance with both public and private sector employers. We use valid salary surveys to collect data for roughly 500 benchmark jobs, including their minimums (10th percentile), medians (50th percentile), means (average salary), and maximums (90th percentile). Our minimums are intended to be paid to new hires with no previous experience in any given field. Note that, at present, we estimate our minimums to be 21% behind our competitive market, which consists primarily of private industry located within Louisiana. Compensation consultants are available for more information regarding market rates.

Now, what should an organization pay for new hires that have valued experience? In general, market rates reflect the experience and performance of employees. Employees who consistently meet their employer's expectations and are proficient in all aspects of their job are generally paid near the midpoint of a given range. Civil Service analysis has determined that the 60th percentile of our pay ranges correlates with the midpoint of our competitive market.

An overall principle of market pay is that during salary negotiation the market data we have should be used as a good guideline, but all that really matters is what the applicant will accept. What the applicant accepts becomes the true test of the market.

What are comparable employees paid?

To quickly determine how much your current employees are paid we recommend the ZP50 report (ISIS) using job code as the main variable. You want to be cognizant of how comparable employees are compensated in your effort to determine the new employees' pay. If you are able to pay market rates, you will likely find the new employee's salary to be higher than the salaries of current employees, which could lead to compression and morale issues.

What benefits do we offer?

You will want to communicate to the employee many of the benefits offered by the state: health insurance, defined benefit retirement, generous leave, training and development opportunities, rewarding work, and a civil service system which offers a high degree of stability. Additionally, individual agencies have great flexibility in offering many other employee benefits.

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