

PROCEDURE 301-6 - MARKET DIFFERENTIALS

A market differential may be applied when a position is properly classified but external market data indicate that competitive pay is significantly above or below the designated pay range. In such case, the classification and pay range do not match. For example, a position may be classified a 15 in the classification system and be compensated based on the grade 16 pay range due to a market differential. Alternately, a position may be compensated based on a lower pay grade due to external market data.

The Department of Human Resources approves market differentials. Where external market data from a reputable, valid, and verifiable source establishes that the market median of a position is at or below the 25th percentile, or at or above the 75th percentile, in comparison to its classification, the Department of Human Resources will analyze the data and make any warranted adjustments. It will also advise those departments/agencies/offices with the same or similar positions when a market differential should be applied to other positions across the County.

If market data prompts a position to be matched with a lower pay grade, the employee will not experience a pay decrease even if their current salary is above the maximum of the new pay grade. However, the employee will not be eligible for a pay rate increase until their pay rate falls within the pay range.

If market data prompts a position to be matched with a higher pay grade, the employee will receive a pay increase to the minimum of the new pay grade if their rate of pay is below the minimum. If their rate of pay is already within the new pay grade, the incumbent will not receive a pay rate change. A higher market differential is considered base pay while the differential is in place.

Only the position classification, and not the market differential, is considered when an employee is moving to or from a position with a market differential as the result of transfer, promotion, demotion, or placement. For example, an employee in a position classified as a 15 but being paid at a grade 16 will not retain the market differential if they transfer to a different grade 15 position where the market differential does not apply. Similarly, in the event of noncompetitive placement, that employee would be eligible for placement in a position classified as grade 15 or below and would not retain the market differential.

Market differentials will be reviewed by the Department of Human Resources periodically to determine if there is a continued need for the differential.

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