

Pay Compression Formula

Point # 1

Years of relevant experience

If **Years of relevant experience** is Greater than 4 years, Then **Compression Factor** is 60%

If **Years of relevant experience** is Lesser than or equal to 4 years, Then **Compression Factor** is 70%

Point # 2

Compression Percentage Increase is also based on where the **Progression Model Salary** falls within the pay range.

Position in pay range		Inc % (Progression Model)	Inc % (Compression Target)
0%	15%	3.00%	1.80%*
> 15%	30%	2.50%	1.50%
> 30%	45%	2.00%	1.20%
> 45%	60%	1.75%	1.05%
> 60%	75%	1.50%	0.90%
> 75%	100%	1.25%	0.75%

*In years 1-4, a 70% factor is applied which equals a 2.1% increase rather than the listed 1.80%.

$$\frac{(\text{Progression Model Salary} - \text{Minimum salary in Classification})}{(\text{Maximum salary in classification} - \text{Minimum salary in Classification})}$$

Point # 3

Progression Model Salary is compounded based on **Years of Relevant Experience** with the exceptions below:

If **Years of Relevant Experience** is equal to 0 years,

Then **Target Compression Salary** = Minimum salary of Classification

OR

If **Years of Relevant Experience** is greater than or equal to 25 years,

Then **Target Compression Salary** is capped at 25 years.

Target Compression Salary = Progression Model Salary X (1+ (Compression Factor X Compression Percentage Increase))

Example:

Joe Smith is a Public Health Nurse II (Grade S25) with 2 years of relevant experience in his classification. He currently makes the minimum of the pay range (\$65,748). Applying the pay compression methodology results in the formula below:

$$\$67,129 = \$65,748 \times (1 + (.70 \times 0.030)) \text{ {First Year}}$$

$$\$68,538 = \$67,129 \times (1 + (.70 \times 0.030)) \text{ {Second Year}}$$

The **Target Compression Salary** is the final product of the compounded calculation based on the **Years of relevant experience**.