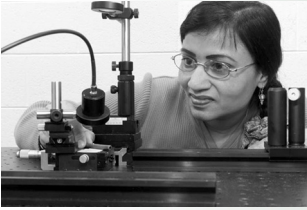


A hand holding a pen is shown writing on a document. The document has a grid overlay. The text "Compensation at ORNL 2009" is written in a glowing white font. The background is a dark, muted green color.

Compensation at ORNL 2009

OAK RIDGE NATIONAL LABORATORY
MANAGED BY UT-BATTELLE FOR THE DEPARTMENT OF ENERGY



Compensation at ORNL



ORNL's Compensation Philosophy

This brochure has been prepared to acquaint you with the basic elements of the compensation program for salaried employees at Oak Ridge National Laboratory. It provides an overview of the philosophy and principles upon which the compensation program is based, the structure of the system, and how compensation is related to job performance.

ORNL's compensation program is based on the following objectives:

- To enable the Laboratory to attract, motivate, and retain the caliber of staff required to accomplish the Laboratory's agenda in support of DOE's mission
- To provide salaries that are competitive with the salaries of comparable jobs in other companies in relevant external markets
- To provide salary structures and individual salaries that properly reflect differences in positions, responsibilities, and job performance and to administer job evaluation, performance review, and salary increase planning systems that will achieve this objective
- To provide competitive benefits that meet the needs of employees and the Laboratory in a cost-effective manner
- To exercise sound management practices in administering the compensation program
- To administer the compensation program in compliance with DOE orders and applicable federal and state laws and regulations
- To communicate openly and administer the compensation program fairly and equitably

Compensation Principles

ORNL's compensation philosophy is based on several key principles

- **External Competitiveness** – ORNL will maintain a total compensation program which offers base salary and other remuneration at a level which is competitive with other premier research and development organizations with which it competes for talent.
- **Internal Equity** – ORNL will establish a compensation program which reflects a fair relationship in pay levels for positions based on an evaluation of job requirements, accountabilities and their relative contribution to the laboratory.
- **Individual Equity** – ORNL will maintain pay levels within pay ranges which reflect and reward the individual based on their level of contribution. Pay outcomes are based on a detailed assessment of the individual's role knowledge, skills, abilities and performance record.
- **Legal Compliance** – ORNL will maintain compensation practices which are fully compliant with all laws and regulations governing organizational pay systems.

Compensation at ORNL



Our compensation program has several key features:

- **Job evaluation** — Jobs are organized into job groups having comparable functions and skills (ladders), and then categorized by level of responsibility and relative value of jobs (bands).
- **Reference pay** — We use reference pay, a range of pay by occupation that represents market-competitive compensation for comparable jobs.
- **Pay for performance** — Base salary increases and other rewards are directly linked to the Laboratory's Employee Performance Management System (EPM).
- **Integrated job descriptions** — Job descriptions serve as the basic outline of employees' duties and responsibilities and reflect a fundamental understanding between employees and their supervisors.
- **Core competencies** — Individual performance is related to core competencies, a set of individual skills, knowledge, and behaviors that have been established as most important to the success of the Laboratory, personal performance, and enhanced job contribution.

Key Features of the Compensation Program

ORNL CORE COMPETENCIES AND THEIR DEFINITIONS

Acquires depth and breadth of expertise and insight in profession, discipline, and/or function. Applies knowledge and skills to contribute to or make advancements in own area of work. Continually enhances knowledge, skills, and expertise in technical or functional area.

Uses imagination to create and share innovative solutions for science, technology, management, administration, or support. Flexible and adaptive in a changing environment. Critically judges which ideas and suggestions will work.

Sets ambitious goals and high standards of accomplishment. Commits to action and results, sets priorities, and shows appropriate urgency toward goal accomplishment. Takes appropriate risks to overcome obstacles or get work done and communicates progress/results.

Works cooperatively with others to accomplish common goals and achieve synergies across work groups within and/or outside the Laboratory. Gives and receives constructive feedback to promote competitive advantage.

Identifies and critically evaluates strategic opportunities and effectively markets ORNL's capabilities. Networks and builds effective relationships within the funding community. Maintains good customer relations and builds upon customer base.

Balances knowledge of technical, functional, financial, operations support, and human aspects of the business in accomplishing own work. Uses ORNL business processes in allocating resources effectively and in seeking smart and cost-efficient work solutions.

Demonstrates ethical behavior and business and scientific/functional integrity. Is forthright and treats others with dignity and fairness. Values workforce diversity. Consistently applies appropriate ESH&Q standards to own work.

Technical/functional

Creativity/innovation

Results-oriented

**Collaboration/
teamwork**

**Program/new business
development**

Business sense

**Does the right
thing**



Compensation at ORNL

The Compensation Program in Brief

Job Evaluation: Establishing Relative Value

ORNL uses a market based industry standard approach as its methodology for evaluating job content and determining the relative value of all salaried jobs. Specific elements of the job evaluation structure are summarized below.

Ladders

All salaried jobs are organized into broad groupings of jobs called ladders. Jobs with similar attributes, type of work, knowledge, functions, skills, and market values are assigned to one of six job ladders.

THE SIX JOB LADDERS

Management

Individuals at the top of this ladder establish the overall mission, vision, strategy, and culture necessary for the Laboratory to succeed. Others integrate programs, technologies, and opportunities with other major organizations, both within and outside the Laboratory, and with customers, sponsors, and stakeholders. Includes all supervisors and managers who spend the majority of their time directly leading, supervising, and/or managing people and/or programs. Examples of jobs in this ladder are the ORNL Leadership Team, division directors, program directors, program managers, group leaders, and supervisors of bargaining unit employees.

R&D Professional

Exempt staff whose primary responsibility is to directly plan, conceive, conduct, and/or manage research and development for the Laboratory's customers and sponsors. Incumbents generally have B.S., M.S., and Ph.D. degrees in specialized areas of science and technology and work in areas such as biological and environmental sciences, energy and engineering sciences, neutron sciences, and physical and computational sciences.

Technical Professional

Exempt staff whose primary responsibilities are technical in nature and conducted in association with and/or in support of ORNL's R&D mission and laboratory operations. Individuals in this ladder typically have B.S., M.S., or Ph.D. degrees in technical disciplines and work in occupational fields such as facilities engineering, health physics, nuclear criticality safety, industrial hygiene, and computing systems administration.

Business Professional

Exempt staff whose primary responsibilities are in business management and other non-engineering professional functions that support ORNL's R&D Mission and the laboratories operations. Individuals in this ladder typically have a Bachelors degree and may have a Masters degree. They work in occupational fields such as accounting, auditing, human resources, safeguards and security, purchasing, communications and information management.

Technical Support

Nonexempt staff whose work supports a technical project or activity led by an exempt staff member from the R&D or Technical Staff ladder. Individuals in this ladder typically have a two-year associate degree or higher. This ladder includes technical support jobs in areas such as chemical laboratory technology, electronics technology, medical technology, design technology, and computer support.

Administrative Support

Nonexempt staff who support a technical or business function, or office led by an exempt staff member in a scientific or administrative discipline. Individuals in this ladder typically have education or certification beyond high school and work in administrative support jobs in areas such as secretarial services, training, electronic publishing, and materials management.

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Bands/generic job titles

Within each job ladder are a number of bands that reflect a job's relative value. The relative value is determined by evaluating the position's scope, accountability and impact as well as the individual competency and experience required for successful performance. These criteria represent the factors that distinguish jobs between bands. A generic job title is associated with each band within each job ladder.

Occupations

Occupations are broad, market-driven categories describing fields of activity such as chemical engineering, health physics, or auditing. Occupation descriptions as used at ORNL focus primarily on the type of work the employee is actually doing. The degree field, past work experience, and future development plans may also be relevant. Each occupation description is linked to one of the six job ladders. This linkage allows ORNL to match jobs to the external market in terms of what work is done and the level at which it is done.

Integrated job descriptions

Rather than using detailed job descriptions, which are quickly outdated, ORNL uses a set of brief generic descriptions in conjunction with other more job-specific documentation to describe the basic content of individual jobs. These descriptions integrate the employee's job ladder, band, and occupation with elements such as individual results plans; roles, responsibilities, authorities, and accountabilities ("R2A2"); job-specific procedures; operating guidelines; and the like.

| | | Non-Exempt | | Exempt | | | |
|----------------|--------------|------------------------|-------------------|-----------------------|------------------------|------------------|------------|
| | | Administrative Support | Technical Support | Business Professional | Technical Professional | R&D Professional | Management |
| BANDS | Level | | | | | | |
| | 6 | | | | | Fellow | Leadership |
| | 5 | AN05 | TN05 | BP05 | TP05 | RP05 | MG05 |
| | 4 | AN04 | TN04 | BP04 | TP04 | RP04 | MG04 |
| | 3 | AN03 | TN03 | BP03 | TP03 | RP03 | MG03 |
| | 2 | AN02 | TN02 | BP02 | TP02 | RP02 | MG02 |
| | 1 | AN01 | TN01 | BP01 | TP01 | RP01 | MG01 |
| LADDERS | | | | | | | |

Ladders, bands, and generic job titles in the ORNL job structure



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Salary Administration

Compensation at the Laboratory is determined by an individual employee's position within the job structure, his or her performance, external market comparisons, and the available budget in any given year.

Pay bands

Each of the job bands include all the occupations associated with that level. Each occupation will have a minimum and maximum salary level which is based on ORNL compensation philosophy (External Competitiveness, Internal Equity, Individual Equity, and Legal Compliance). The width of the pay bands allows ORNL more flexibility in managing its business and in staff development and utilization. Generally, pay levels within the band which are lower or higher than the reference range are reserved for staff that are junior or senior in their level or contribution of in their length of service. It is also reserved for situations in which position expectations may be lighter or of more weight than average.

Reference Pay

The compensation system uses narrower reference ranges within pay bands to establish a market competitive range for occupations. The reference range or market competitive range reflects pay levels which are competitive with similar positions in the external marketplace.

Employees will enter the reference range at a level which is commensurate with their level of knowledge, skills, experience, past contribution record and position expectations. They are expected to move higher in the range as their knowledge and contribution level grows.

Relationship between reference pay, pay band, and job structure

STRUCTURE OF SALARY RANGE

| Development Zone | Reference Pay Zone (RPZ) | Reward Zone |
|---|--|---|
| Staff Developing Skills and Job Knowledge | Fully Mature Performance <ul style="list-style-type: none"> ▪ Market Target Pay Zone ▪ Qualified at Position & Level | Sustained High Performers <ul style="list-style-type: none"> ▪ Successor Candidates ▪ Ready for Promotion |
| Band Minimum | RPZ Low RPZ High | Band Maximum |

BELOW

WITHIN

ABOVE



Compensation at ORNL



ORNL participates in annual salary surveys that provide comparisons of its salaries with those for comparable positions in regional and national markets. The data from these surveys are a major consideration in the development of the annual compensation increase plan we present to the U.S. Department of Energy to request salary structure changes and salary increase funds. Overall, the Laboratory's objective is to keep its pay structures and average salaries aligned with market average salaries.

Individual Salary Determination

ORNL determines individual salaries through a combination of several processes:

- (a) **New Hire Offers** – ORNL's starting salary offers are directly linked to the competitive market range for the occupation and band in which the candidate is placed. The salary position in the band is related to an assessment of several factors including the nature of the assignment, position accountabilities, competency level required, level of the individual's knowledge, skills, abilities and work experience, peer review of other staff members, the ability to pay, and other market factors.
- (b) **Annual Merit Increase** – Each year on January 1st, ORNL implements its annual merit increase program for base salary. The purpose of the annual merit program is to provide a tool for keeping staff salaries in line with the market and to reward individual performance. The level of merit increase award for individuals is based on an assessment of several factors: the overall approved salary budget for the laboratory, the individual's performance rating as determined in the EPM – Employee Performance Management system, and their salary position in the competitive market range for their occupation and band. Merit increases are discretionary, subject to management approval and depend on the business's ability to afford.
- (c) **Market Adjustments** – Periodically on a limited basis, ORNL staff members in select market areas or key occupations which have fallen behind the competitive base salary market position may be offered a one-time special market adjustment in their base salary. Market adjustments are intended to further maintain ORNL's competitive market position for base salary levels, especially in "hot" markets and in other critical performance areas. These adjustments are discretionary, depend on management approval and depend on the business's ability to afford.
- (d) **Promotion Increase** – Upon an official promotion of a staff member from one band level in the salary structure to another salary band of a higher level, ORNL staff members may be provided with a one-time base salary promotional increase to recognize and reward their performance and to bring their salary into line with the new salary band. Promotional increases are also discretionary, subject to management approval, the business's ability to afford, and an assessment of the incumbent's salary position compared to the new salary range.

Market Pricing



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Variable Pay

In order to strengthen the link between individual performance and reward and recognition, ORNL may provide individuals in key areas a one-time cash payment as a performance bonus. These payments are made in recognition of significant efforts by the individual to achieve goals which are directly linked to the laboratories mission and critical outcomes. Variable payments are discretionary, subject to management approval, the business's ability to afford, and are directly linked to performance outcomes.

Band — A category identifying the relative value of a job within a job ladder, based upon a set of job scope and accountability criteria supporting the Laboratory's mission.

Competencies — A common, or "core," set of skills, knowledge, and behaviors that are important for the success of the Laboratory, personal performance, and enhanced job contribution

EPM — ORNL's Computer-based Employee Performance Management system.

Exempt — Employees who are exempt from minimum wage, overtime, and certain record-keeping requirements of the Fair Labor Standards Act (FLSA) of 1938

Ladder — A broad grouping of jobs with similar attributes, type of work, knowledge, skills, and market values

Nonexempt — Employees who are covered by (not exempt from) minimum wage, overtime, and certain record-keeping requirements of the Fair Labor Standards Act (FLSA) of 1938, as revised in 2004

Occupation — A broad, market-driven category describing a field of work (e.g., nuclear engineering)

Reference pay — A range of market-average pay for an occupation or a group of occupations within a band

For questions about compensation, contact your supervisor or your organization's Human Resources Manager (HRM).

You can find this brochure and other information about the ORNL Compensation Program at
Internal: <https://portal.ornl.gov/sites/hrd/comp/pages/default.aspx>
External: <http://jobs.ornl.gov/>

This brochure does not constitute a contract for setting compensation rates. Management is responsible for balancing a wide range of considerations in establishing and implementing a compensation program. Individual salaries may be set in a manner that deviates from the general approach discussed in this brochure. In addition, UT-Battelle remains an at-will employer under Tennessee law, and this brochure does not constitute a contract for employment.