

Managers' Guidelines for Salary Requests for Administrative Staff at Ohio University

Compensation Pay Philosophy

It is the policy of Ohio University to pay employees:

without regard to race, color, religion, gender, sexual orientation, national origin, age, veteran status or disability status relative to:

- internal equity based upon the demands and requirements of jobs;
- external market as defined by University Human Resources with departmental input
- sound financial management of the University

The purpose of these guidelines is to establish a university decision-making process for employee base wage adjustments other than merit increases for administrative staff. For pay plans to be equitable and effective it is important to consider both internal and external equity. *Internally*, it is important to consider the salaries of like jobs, as well as the individual's skills, knowledge, performance and job related experience. The *external* market consists of other organizations with whom we compete for employees with relative skills and experience.

The University uses a career banding compensation system to establish appropriate pay ranges for positions. It is the goal of Ohio University to benchmark jobs to the market that mirror our recruiting practices. For example, the relevant market for most classified positions would be the local Athens County area. The market for many professional jobs would be a broader regional or national market.

To stay abreast of current market conditions, UHR participates in carefully selected salary surveys from reputable firms to ensure the University has access to current and quality data to compare wages, total compensation and benefits. UHR is continually evaluating these survey firms to ensure the use of proven methods for collecting and analyzing data, taking into account geographic, enrollment and other pertinent factors.

Career bands are developed from these detailed data. Position content, job family and role requirements will determine the career band. Specifics of the job requirements (e.g., duties, responsibilities, knowledge, competencies, and experience) will determine the pay level within the band.

The provisions in these guidelines are to ensure that the same decision factors and priorities are consistently applied with respect to adjusting salaries and approving salary actions within the context of the Administrative and Professional compensation pay plan. All actions described in the following guidelines must be reviewed and approved through the applicable approval process before they are communicated to the affected or prospective employee. *Refer to Policy 40.036 for Administrative & Professional Pay Plan and Policy 40.055 Pay Determination Policy for Classified/ Classified IT & Administrative IT Staff*

I. Summary of Current Pay Determination Policies *(outlined in policies 40.036 and 40.055)*

A. New Hires

Starting salaries for new employees are typically determined by referring to the band assigned to the position being filled, the individual's job-related experience, knowledge and skills, current pay, **and** the salaries of other employees performing the same or similar job functions. In order to compare pay for employees in similar jobs, a manager must also analyze job-related characteristics for each employee, including:

- Job content (are employees, in fact, doing similar work?)
- Years of experience
- Qualifications, education
- Job-related knowledge
- Skills (required and "premium")
- Technical expertise
- Performance
- Value of job in the labor market

Employees shall be hired at no less than the minimum salary of the applicable pay range provided that the minimum qualifications of that position are met.

- Using the Pay Structures as a Guide for Determining Employee Salaries
 - 1st Quartile – (minimum to 25th percentile) – Newly hired employees or those still learning the major job functions are usually paid in this quartile.
 - 2nd Quartile – (26th percentile to the mid-point) - Satisfactory employees whose performance meets job requirements are usually paid in this quartile.
 - Mid-point – (50th percentile) – **Fully competent, experienced employees whose performance consistently meets job requirements are generally paid within +/- 10% of the mid-point.**
 - 3rd Quartile – (mid-point to 75th percentile) – Experienced employees are paid in this quartile whose level of performance exceeds;
 - 1. the requirements of the job **and**
 - 2. the performance of most employees doing similar work.
 - 4th Quartile – (76th quartile to maximum) – Experienced employees with a level of performance that significantly exceeds both the requirements of the job and the performance of most other employees are compensated in this quartile
- **Approval Process for Starting Salaries for New Administrators**

A new employee shall meet the minimum qualifications for a job and shall be paid no less than the minimum salary of the applicable pay range.

The hiring department has the discretion to offer a salary extending from the minimum salary for the band up to the midpoint of the band. When a candidate's qualifications clearly exceed the midpoint requirements (after following the University guidelines on posting and screening) or when a particular skill is in short supply (the determination of which should occur at a point prior to advertising for the position), a request from the hiring department for a starting salary

above the midpoint shall be approved by the planning unit head with the final approval being made by the Chief Human Resources Officer or her/his designee.

B. Promotion –Promotional increases shall be given to employees when they are assigned to a higher level position. Employees shall be granted a promotional increase to at least the minimum of the new pay range of the current salary or 5% to 15%. Such increases shall be effective at the time of the promotion. This increase shall be in addition to any merit increase for which the employee may be eligible. A promotional increase exceeding fifteen (15%) percent must be approved by the representative Planning unit head as well as the Chief Human Resources Officer or her / his designee. Before determining the amount of the promotion increase, the following factors should be considered:

- The employee's proficiency relative to job requirements.

- Where the employee's current pay is in relation to the band range.
- How the employee's recommended pay compares to that of others in same or similar positions both internally and externally.as well as above and below those within the department's hierarchy,
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- The employee's performance.
- The impact of the employee's position on departmental goals and on the university's mission and goals.
- Funding availability.

C. Progression – The assignment of a person to a higher pay range based upon demonstrated skill/competency development, and proficiency to perform more complex accountabilities/decision making with less supervision. Management will conduct an annual review process to ascertain which staff have made significant progress to warrant a progression adjustment . Any resultant issues should be resolved by following the chain of command for review at successive levels of management.

The increase in pay will be between four and ten percent (4-10%) based on relative equity and proper placement within the salary range of the incumbent's current pay or the amount required to raise the incumbent to the minimum of the new salary range and will be effective at the time of the request. This increase may be in addition to any annual merit increase. However, the new pay level shall not be greater than the maximum of the new positions salary range. A progression increase may exceed ten percent (10%). if special circumstances warrant an increase beyond this level, an exception must be approved by the Planning unit head as well as the Chief Human Resources Officer or her / his designee. Application of all such increases is dependent upon functional need, senior management and budgetary approval.

(Note: Requests for increases beyond the normal rates should be reviewed and evaluated with consideration to internal and external equity, performance, business need, and the position's impact on departmental goals, as well as, the mission and goals of the university.)

D. Demotion – An employee being demoted to a lower level position with decreased responsibility shall have his/her salary reduced if it is in excess of the lower salary range maximum. It may be reduced to as low as the midpoint of the new salary range. Any assignment below the midpoint shall be reviewed by University Human Resources compensation department.

E. Lateral Transfers – The movement of a person to a similar position within the same pay range as his/her current position. There is normally no change in compensation. (See II.Special Salary Requests

for Administrative Employees.)

F. Periodic Increases – Subject to the Ohio University Board of Trustees' approval of the annual budget recommendations and available funds, adjustments may be made in the career band structure and individual employee pay rates.

Structure Movement

Each year, the President, with recommendations from the Vice President for Finance and Administration and the Chief Human Resources Officer, will make a determination regarding the movement of salary structures. This determination will be based upon:

- The current competitive status of the pay plan minimums, midpoints, and maximums
- The financial means of the University
- The percentage with which other peer and comparison universities or organizations are moving their grade structures

Average Percentage Increases for Employees

The President, subject to approval of the Board of Trustees, will decide the average increase amount to be given to employees. This average increase will reflect the available dollars to fund merit increases, and will take into account the criteria stated above, plus the range of pay increases granted by peer and comparison organizations to their employees.

Merit Increases

Following the establishment of the average percentage increase, a determination will be made regarding the amount of the funds allocated to merit increases. All employees who display satisfactory performance will be eligible to receive a merit increase. Merit awards, however, are made at the discretion of the department head and will vary with the level of performance of the individual employee.

II. Guidelines for 'Special' Salary Requests for Administrative Employees

The purpose of these guidelines is to establish a university decision-making process for all administrative (salaried) base pay adjustments not addressed in pay determination policies 40.036 and 40.055. These guidelines are established to ensure that the same decision factors and priorities are consistently applied. Requests for promotional increases to salaries currently above or below market value should be reviewed and evaluated based on internal and external equity, performance and the position's impact on the mission and goals of the university.

A. Advancement Within a Pay Range – Occasionally employees may be concerned that they are not being paid fairly in comparison to external market data that seems to be higher than their current annual salary. While a median salary figure from a trusted salary survey firm is an important determinant for evaluating equity, it is not the only factor to consider. Other factors to consider;

- Does the external match come from a trusted, reliable survey? There are many sources that do not disclose what institutions contribute or do not use established procedures for collecting and analyzing data. As an example, sources that have individuals self-report data should never be used.

- Is the external data a good match? Just because the job title matches to the survey title, it does in no way mean that it is a match. It is vital that the duties and responsibilities line up in order to have a valid match.
- What is the supply and demand for the job in question? This will help determine what and where the external market is. Local geographic survey data is generally appropriate for almost all non-exempt positions. National data would be appropriate for many higher end administrative positions.
- What is the employee's performance history? For example, an employee with fifteen years of experience and still at the low end of the 2nd quartile may be properly compensated if that employee has consistently performed at the lower end of expectations.
- Before considering adjustments, the ability of the department, planning unit and the University to pay for equity adjustments must be taken into consideration. Many times an equity increase to one employee calls for equity adjustments throughout the department or planning unit.
- When comparing compensation of existing employees to external data or a job offer to a prospective candidate is being considered, it is crucial that total compensation be considered. Ohio University has an excellent benefits package that when taken into consideration within a total compensation context often far exceeds what other companies and/or institutions can offer.

There may also be times when significant changes in responsibilities may appear to warrant a promotion, but upon evaluation it is determined not enough to warrant reassignment of the position to a higher pay grade. To recognize increased responsibility or the acquisition of new skills or knowledge, change in duties and scope of responsibility, change in education/experience requirements, change from individual contributor to manager, etc., a modest increase may occur.

○ **Examples that would NOT warrant a salary increase:**

- An increase in volume of work/activity/transactions
- Supervising additional staff with similar responsibilities
- Acquiring a degree or certificate to remain current in position

○ **Examples that may warrant a salary increase:**

- Major changes in programmatic responsibilities
- Job requires significantly broader knowledge
- More complex decisions and problem solving
- Impact and risks of decision outcomes more significant to department/unit
- Broader, higher level communications skills are required, i.e., influence, facilitation, negotiation
- More complex problems encountered requiring higher level skill
- Increased accountability
- Acquiring a degree or certificate enhances the employee's capability to do his/her job at a higher level or is of benefit to the department
- Acquiring skills/knowledge that is rarely found and is critical to the department
- Internal Equity issues

○ A modest pay increase will be considered when there has been a significant increase in either job responsibilities or the complexity of the job, but not enough to warrant an upgrade. The amount of increase would depend on the degree of change.

○ In some cases, UHR may require an updated/new job description (PCP) in order to ensure

that the position's description accurately reflects the increased responsibilities.

- A business case should be presented to the appropriate planning unit head for concurrence and submitted to UHR for review.
- Salary increases up to 4% may be made with approval from the Director of Compensation. Approval from University Human Resources must be received before initiating a salary change.
- Requests for salary increases larger than 4% may require a review and recommendation from the Director of Compensation and approval from the Chief Human Resources Officer.

B. Lateral Transfers – The movement of a person to a similar position within the same pay range does not warrant a salary adjustment. However, if lateral movement is beneficial to the university in order to develop and utilize employee talent and cross-train employees so that they may continue to add value to the university, as well as, to the individuals who broaden their base of knowledge and enhance their professional growth potential. A modest pay increase will be considered when there has been significant value added by the employee to the position.

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- A business case should be presented to the appropriate planning unit head for concurrence and submitted to UHR for review.
- Salary increases up to 4% may be made with approval from the Director of Compensation. Approval from University Human Resources must be received before initiating a salary change.
- Requests for salary increases larger than 4% may require a review and recommendation from the Director of Compensation and approval from the Chief Human Resources Officer.
- Examples that may warrant a salary increase:
 - New job requires use of significantly new set of content knowledge or skills.
 - Employee's previous experience adds much to the new role.
 - Combined skill set is of greater value than the single skill set.
 - Employee will be expected to work with more internal/external constituents at a higher level.
 - Level of communication (written and oral) is higher.
 - Employee will be expected to negotiate, set own standards and goals, manage or coach at a higher level than current position.
 - New job requires a higher level of analysis, innovative/creative thinking, and ability to adapt.
 - The impact of decisions and level of consequences is greater.
 - Increased level of independent action and autonomy.
- **Lateral Career Progression** – When it is determined that the position the employee is transferring to requires new and/or additional skills, and is more complex than the position the employee is transferring from, an increase may be appropriate.
- **Internal Equity** should also be taken into consideration when an employee makes a lateral move. The employee's current salary should be compared to salaries of those in his/her new peer group. An increase may be warranted, depending on the circumstances.

D. Internal Equity Adjustments – To correct an internal inequity and establish equal pay for jobs of equal value; where two or more positions in different parts of the university have substantially the same duties and responsibilities and require equal skills and effort but have substantially different rates of pay.

- In order to compare pay for employees in similar jobs, the following job-related characteristics for each employee must be analyzed:
 - Job Content (to ensure that employees are, in fact, doing similar work)
 - Education
 - Job-Related Knowledge
 - Skills (required and “premium”)
 - Technical Expertise
 - Performance
- Once it has been determined that there may be a possible pay inequity, UHR will review market data (e.g., salary surveys and recent new hire salaries) to determine whether there are any market forces that have helped to create an inequity.
- Findings will be reviewed with the department and planning unit head. An agreed upon recommendation will follow for an appropriate salary adjustment to the *individual* employee’s pay rate.
- When an entire group of employees in the same or similar jobs is reviewed, it will be determined which individuals need adjusting in relation to either their peers or the market.

Recruitment and Retention Issues

Internal and external equity problems can prevent departments from offering competitive pay levels and can contribute to employees leaving Ohio University for higher pay. Departments should contact UHR if they begin to notice any of the following:

- Difficulty hiring people with appropriate skills and experience
- High turnover
- Employees leaving for higher pay
- Candidates turning down job offers due to low salaries

E. Retention (Counter Offer or “Stay” Money) In cases where the employee has received a documented offer of higher salary for employment with another organization, for a job that is equal to the employee’s current job, the department may counter offer as follows:

- i. Match the salary offer after total compensation review.
 - ii. Decline to match the salary offer.
 - iii. Increase salary by less than the salary offer.
- The university administration does not encourage counter offers above the salary offer, or when the offer is internal to the university.
 - Consideration will be given to the impact of a salary increase on other people in the same or similar classification and working in the same unit and department.
 - All such requests will be reviewed on a “total compensation basis”, and will require prior approval from the planning unit head, a review and approval from the Director of Compensation