Ohio University
Compensation 2014

PAY ADMINISTRATION GUIDELINES

NOVEMBER 1, 2014
Introduction

Ohio University’s staff compensation program for Administrative/Professional, Classified Civil Service, and all other non-faculty employees\(^1\) is designed to attract, retain, and motivate a highly talented and committed workforce in support of the University’s mission and goals. To meet these needs, the compensation program has the following objectives:

- Establish and maintain competitive compensation structure based on comparisons to appropriate external labor markets while also considering internal job worth
- Clearly articulate the relationship between institutional strategy and employee performance, recognition, and rewards
- Ensure that the compensation program is administered strategically, consistently, effectively, efficiently, fairly and equitably
- Transparent and practical communication of compensation components to all employees
- Legally compliant with all relevant federal and state statues, and designed to ensure sound stewardship over available compensation funding
- Establish the principles and process for regular review of market position and effectiveness of policies

This document describes the pay administration guidelines that will ensure alignment of pay with the program design. These guidelines are intended to ensure that pay decisions are administered in alignment with the compensation program design, and consistently across the institution.

The University is committed to a policy of equal opportunity in every aspect of its operations. The University values diversity and seeks talented employees from a variety of backgrounds. Accordingly, the University does not discriminate on the basis of sex/gender, race, age of 40 or over, color, religion, national or ethnic origin, sexual orientation, disability, marital status, military leave, veteran status and any other status protected by law, in matters pertaining to employment. Questions or concerns regarding the University’s equal employment opportunity (EEO) policies and programs should be directed to the Office of Institutional Equity.

Ohio University intends to administer pay in accordance with these guidelines; however, it reserves the right to modify any of the guidelines described in this document without prior notice. Nothing within these guidelines constitutes a contract or guarantee of employment.

\(^1\) Excludes Bargaining Unit and FOP employees
## Key terms

The following terms are used in this document and are defined as shown below (listed in alphabetic order).

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
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<tbody>
<tr>
<td>Benchmark Job</td>
<td>A job whose major responsibilities and requirements are found in the market. These jobs are typically included in salary surveys and have reliable market data readily available year after year.</td>
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<tr>
<td>Career Track</td>
<td>A progression that describes the nature of work being performed. Three Career Tracks have been defined for OU: • Technical &amp; Administrative Support • Individual Contributor • Management</td>
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<tr>
<td>Compensation Program</td>
<td>The program that provides a framework for managing compensation jobs at the university. The program consists of a compensation philosophy, benchmarking methodology, career tracks, job family guides, a pay structure and guidelines for managing pay.</td>
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<tr>
<td>Counter Offer</td>
<td>An increase in pay resulting from an external offer of employment. Counter Offers are a retention strategy intended to be used in exceptional and limited circumstances.</td>
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<tr>
<td>Demotion</td>
<td>The movement of an employee into a job that is assigned to a lower pay grade than the employee’s current job.</td>
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<tr>
<td>Exempt</td>
<td>The term that refers to jobs that are not covered by the FLSA. Exempt employees are paid an established salary and are expected to fulfill the duties of their jobs regardless of hours work required. Incumbents in exempt jobs are NOT eligible to receive overtime compensation</td>
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<tr>
<td>Fair Labor Standards Act (FLSA)</td>
<td>A Federal law that sets the minimum wage as well as other work rules, and guaranteed pay for work beyond 40 hours a week for jobs covered by the law. The law includes specific “tests” to determine whether a job will be covered by the law (“non-exempt”) or not covered (“exempt”). These tests consider job duties, not</td>
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characteristics of the incumbent (such as education, experience, skills, or performance)

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<tr>
<th>Job Family</th>
<th>A group of jobs involving similar types of work and requiring similar training, skills, knowledge, and expertise. The job family concept helps organize related jobs for purposes of pay, career progression and performance management</th>
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</thead>
<tbody>
<tr>
<td>Examples:</td>
<td>- Human Resources; Information Technology; Library Services</td>
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<tr>
<td>Job Family Grid</td>
<td>Descriptions of the levels of work being performed and requirements within a job family and across the relevant career tracks</td>
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<tr>
<td>Job Title</td>
<td>A specific title that describes the job’s roles and responsibilities at the University and is consistent with general market practices.</td>
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<tr>
<td>Lateral Move</td>
<td>The movement of an employee to a job that is assigned to the same band as the employee’s current job.</td>
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<tr>
<td>Level Guides</td>
<td>Descriptions of level requirements and responsibilities within the 3 Career Tracks; Level Guides describe the general leveling of jobs within each track throughout the University</td>
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<tr>
<td>Non-benchmark job</td>
<td>A job that is not commonly found in the market and that is not found in salary surveys, general because these jobs have been tailored to meet specific needs of the University or a department.</td>
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<tr>
<td>Non-exempt job</td>
<td>Non-exempt jobs are covered by the FLSA and are subject to all of its provisions. Employees are required to account for time worked on an hourly and fractional hourly basis and are compensated for overtime hours.</td>
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<tr>
<td>Off-Cycle Increase</td>
<td>A pay increase that occurs outside of the normal annual increase cycle.</td>
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<tr>
<td>Promotion</td>
<td>The movement of an employee to a job that is in a higher pay grade than the employee’s current job.</td>
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<tr>
<td>Reslotting</td>
<td>The movement of a job to a higher pay grade solely based upon changes in the labor market. This activity involves no change in job duties.</td>
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<tr>
<td>Pay Grade</td>
<td>A pay range to which jobs are assigned based on the Job Role, Impact &amp; Complexity and Requirements, and the market value of benchmark jobs. Pay ranges have been designed to accommodate a wide variety of skill and experience levels, from novice to expert, in a job</td>
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<tr>
<td>Red-Circled</td>
<td>When an employee’s pay rate exceeds the maximum of the pay range, then the employee’s situation shall be considered “red-circled”</td>
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<tr>
<td>Sub Family</td>
<td>A sub-set of a job family, usually more specialized in nature</td>
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<td></td>
<td><strong>Examples</strong></td>
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<tr>
<td></td>
<td>• Compensation, Benefits <em>(sub-families within Human Resources)</em></td>
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<td></td>
<td>• Help Desk, Systems Analysis <em>(sub-families within Information Technology)</em></td>
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<tr>
<td></td>
<td>• Collections, Archives <em>(sub-families within Library Services)</em></td>
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Program Governance

The compensation program has been designed to meet the needs of the university’s planning units to effectively retain, recruit, motivate, and develop administrators and staff. Leadership, University Human Resources and Supervisory Personnel have important roles to play in program governance.

**University Leadership**
- Establish and maintain the compensation strategy and program
- Hold direct reports accountable for supporting the program and ensuring its effective and consistent administration in their areas of responsibility
- Support Human Resources in maintaining adherence to the program

**Human Resources**
- Compensation Office
  - Responsible for general oversight of the program, including the development and updating of all program components (career progressions, pay structure, policies and guidelines, titling guidelines, etc.)
  - Monitor market conditions and make recommendations for updating the pay structure
  - Implement and execute the strategy set by University Leadership
  - Develop and maintain systems for monitoring program’s effectiveness
  - Provide educational resources and manager training
  - Oversee ongoing communications to managers and employees

**Liaisons**
- Maintain knowledge of program and how it impacts client areas of responsibility
- Collaborate with Office of Human Resources to implement and communicate program details and provide looped feedback to and from clients.
- Support the program and follow its guidelines in making pay decisions
- Consult with HR to ensure understanding and in dealing with unusual or difficult situations
- Provide insights into the program’s effectiveness, operations, and perceptions of managers and employees to HR

**Supervisory Personnel**
- Maintain knowledge of program and how it impacts personnel in own area of responsibility
- Attend and actively participate in provided compensation training, utilize knowledge obtained and disseminate information employees in area of responsibility.
• Support the program and follow its guidelines in making pay decisions
• Consult with HR Liaison and/or University Human Resources to ensure adherence to program guidelines
• Communicate positively with employees to inform them on the program and how it affects them
• Maintain up-to-date job descriptions for direct reports
Program Overview

Pay grades reflect both the role of the job within the university, and external market practices.

The university is a complex organization with a wide variety of jobs, and competes in a wide variety of markets, depending upon the job. University Human Resources (UHR) and Compensation collects and analyzes market data from multiple markets including other public higher education institutions, not-for-profit organizations and local employers. Compensation uses carefully selected published salary surveys to ensure that the University has access to current and quality data. These surveys are conducted on a regular basis by reputable survey firms.

The university will continue to monitor the market and will recommend adjustments to the pay structure, as appropriate, to ensure that it continues to reflect competitive pay.

The pay ranges associated with the grades are wide enough to accommodate a variety of experience and performance levels, from novice to expert, and market shifts in any given year. All employees can expect to be paid within the range. No one will be paid below the minimum of the established pay grade. Employees who have a base salary above the pay grade maximum, will be red-circled at the time of implementation. For additional information regarding red circling, refer to the Annual Increase section.

An important principle of the program is “managing pay within the grade”. Pay should be positioned in the range based on a number of factors, including skills, competency, job knowledge, experience, performance, and available budget.

The illustration on the following page shows the general principle for determining individual pay.
### MANAGING PAY WITHIN THE GRADE

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<thead>
<tr>
<th>Minimum</th>
<th>Midpoint</th>
<th>Maximum</th>
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<tr>
<td><strong>PAY GRADE</strong></td>
<td><strong>PAY GRADE</strong></td>
<td><strong>PAY GRADE</strong></td>
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<tr>
<td>• Building both skills and knowledge as well as ability to handle the full range of job responsibilities</td>
<td>• Possesses all/most of the basic knowledge and skill requirements, but may need to build upon them through experience</td>
<td>• Expert in all job criteria</td>
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<tr>
<td>• Employee is working towards proficiency in the job</td>
<td>• Performs job responsibilities with increasing effectiveness</td>
<td>• Depth and breadth of experience, specialized skills, perspectives add significant value to institution</td>
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<td></td>
<td>• Performs majority of job responsibilities effectively and independently</td>
<td>• Serves as expert resource and/or role model/mentor to others in similar jobs or to other areas at the University</td>
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<tr>
<td></td>
<td>• May still be learning some aspects of job or developing expertise to handle them more independently and effectively</td>
<td>• This represents a premium on market pay and is typically reserved for employees with exceptional expertise or who have consistently demonstrated the highest levels of sustained contribution</td>
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<tr>
<td></td>
<td></td>
<td>• Demonstrates sustained high level of proficiency in all aspects of job over an extended period of time, usually at least several years’ experience</td>
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<tr>
<td></td>
<td></td>
<td>• Has broad and deep knowledge of own area as well as related areas</td>
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</table>

Minimum

<table>
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<tr>
<th>PA</th>
<th>Y</th>
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<tbody>
<tr>
<td>GRADE</td>
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</table>
Administrative Guidelines

The illustration in Section 4 shows how pay should be managed within a grade. All pay actions should take these principles into account, and doing so will help ensure competitive and equitable pay across the University.

Pay Determination

Starting pay for new employees will be determined by considering the pay range associated with the job’s grade, and the candidate’s knowledge, skills, and experience. Hiring managers should take into account pay of other similarly situated employees to ensure equitable compensation decision, and should refer to the guidelines in Section 4 for paying within the range.

Starting pay offers above the midpoint of the pay grade must be reviewed with the Planning Unit and must be approved by Compensation, prior to making the offer. When presenting a request to hire above the pay grade midpoint, please prepare a justification in writing that indicates why it makes sense to offer the candidate a rate higher than what is considered “market” for the position. The reasoning should be based upon how the candidate exceeds the minimum qualifications of the position. What experience, skills, certifications and/or education do they have that justifies an offer above midpoint.

Promotions

A promotion is movement of an employee to a job in a higher pay grade. An employee may apply for a newly created position or one that has been vacated. This generally warrants a pay increase; the amount of increase should be determined by reviewing a number of important factors:

- The pay range associated with the new position
- The employee’s current pay in relation to the new pay range
- The employee’s qualifications for the new position
- Pay of other similarly situated employees

Typically, a promotional increase would range from 5-15%, depending upon the circumstances. Hiring managers should consult with Compensation when considering a promotion that is beyond 15% or that is for a promotion that will advance the employee more than one pay grade.
Demotions
A demotion is movement to a job in a lower pay grade. This generally warrants a pay decrease, with the amount determined by the individual circumstances, taking into account the incumbent’s current pay, the pay range associated with the lower grade, the knowledge, skills and performance of the incumbent, and pay of other similarly situated employees. Compensation must be consulted when a potential demotion is being considered.

Lateral Transfers
A lateral transfer is movement to a job in the same pay grade. This generally does not warrant a change in pay, but if a pay change is proposed, it must be reviewed and approved by Compensation prior to any discussion with the employee.

Reclassification
Reclassification of a job is only necessary when there are significant changes to the job’s duties and responsibilities and the current job will not be backfilled. Performance of the incumbent or minor changes in the job would not warrant a reclassification.

Supervisors are to consult with Compensation when there is a significant change to a job’s responsibilities. In addition, an updated position description questionnaire must be completed to reflect changes. Compensation will evaluate the job to determine the appropriate grade assignment.

If the change reflects an upgrade, potential pay adjustments will be determined by the promotion guidelines. If the change reflects a downgrade, pay actions will be determined by the demotion guidelines.

A job may not be considered for reclassification more than once per year.

Temporary Changes to Job Content/Interim Appointments
It may be necessary for employees to assume additional and/or different responsibilities for a temporary period of time not less than 30-days and not more than 180-days. Since temporary and interim appointments can vary significantly, supervisors must consult with Compensation when there is a proposed temporary change that requires consideration of a temporary pay adjustment. Depending on the circumstances or length of the assignment, Policy 40.011 Employee Recognition Awards may be appropriate.

Annual Increases
Routine, annual pay raises are applied to the employee's existing base pay, and go into effect at the start of the fiscal year. Employees must be employed by April 1 to be eligible for an annual increase. Some years the pay structure will also be adjusted, changing the minimum and maximum for each pay grade by an amount that may be more, the same, or less than the standard raise for that year.
As a result of pay structure movement, if the raise would bring the new pay to a value that is below the new minimum for the pay grade of the job, then the increase will need to be adjusted to at least the minimum of the new pay grade.

If the raise would bring the new pay to a value that is at or below the new maximum for the pay grade of the job, then the entire increase will be added to the employee's base pay.

If the raise would bring the new pay to a value that exceeds the new maximum for the pay grade of the job, then the employee's situation is described as "red-circled," and the raise will be provided as a combination of a (possibly zero) base pay adjustment together with a single lump-sum payment at the start of the fiscal year, according to the following method: If the old base pay is at or above the new pay grade maximum, the base pay is frozen, unchanged, and the entire raise is provided in the lump-sum payment.

If the old base pay is below the new pay grade maximum (but so close to it that the increase would exceed the pay grade maximum), then a first portion of the raise is used to bring the new base pay up to the new pay grade maximum, and the remaining portion of the raise is provided in the lump-sum payment.

The lump-sum portion of the raise is subject to retirement withholding, and therefore does count in the calculation of retirement income. The result of this approach is that normal raises "compound," with each year's raise being calculated on a higher base pay, except for "red-circled" employees, whose base pay does not increase until the pay structure "catches up" with them.

**Pay 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

**Recognition Pay**
Recognition pay may be requested when the Planning Unit wishes to recognize and reward an employee for enhancing their job-related skills and competencies, and demonstrating those enhanced skills through accomplishments and performance. The employee’s skills and competencies should be compared to the Managing Pay within the Grade guidelines to determine the appropriate placement of his/her pay in the grade, with consideration for internal
equity relative to the skills and competencies for others in similar positions. Earning a degree typically does not warrant a pay increase unless the employee has developed skills and competencies that enable him/her to perform the job responsibilities in a noticeably more effective manner, or if job duties have changed as a result of the degree attainment.

Classified Non-Bargaining Unit employees will receive a cash award concurrent with the pay during which every fifth-year anniversary date falls. Anniversary dates are based on continuous Ohio University service. Payment of the service recognition award will be based on five-hundred dollars for every five (5) years of service, i.e., $500 at five years, $2,500 at twenty-five years, and so on.

**Effective Date of Pay Changes**
The effective date of any pay change initiated by a compensation process will default to the first day of the pay period in which the change occurred or the first day of the pay period in which the request was received by the compensation team for review. Changes in job and/or compensation specifically tied to the COMP 2014 Project will be effective the first day of the first pay period in November, 2014. Changes for those jobs in scope of the FLSA phase of the COMP 2014 project, will occur in January, 2015, with any pay changes being retroactive to the first day of the first pay period in November, 2014.

**Title Changes**
Job titles should reflect the nature of the work and the role of the job within Ohio University. Compensation should be consulted when a job title change is contemplated, to provide guidance that is consistent with the University’s guidelines and with market practices. Planning Units must consult with Compensation regarding title changes prior to changes being implemented.

**Part-time Employees**
Pay for part-time employees should be determined using the same principles as for full-time employees, then pro-rated to reflect the employee’s work schedule.

**Returning Retirees**
Returning retirees will be hired at a rate that is commensurate with their experience and in line with current pay administration guidelines. For more information regarding the approval process for hiring returning retirees see [Ohio University Policy 40.038](#).

**Counter Offers**
A Counter Offer may be made to an employee with a current regular appointment when the employee can produce evidence of a genuine offer of employment. When a Counter Offer has
been offered and accepted, Ohio University will not consider future Counter Offers in the same capacity to which the employee currently serves.

**Requests for Exceptions**
Exceptions to pay determination guidelines are subject to planning unit head approval after consultation with and approval by Compensation and if necessary the Chief Human Resource Officer (the appointing authority as defined by civil service law).

**Appeals Process**
Classified Employees may appeal an audit determination pursuant to Ohio Administrative Code 124-1-03. Please review OHIO University Policy 40.040 Section III for details on the appeals process.