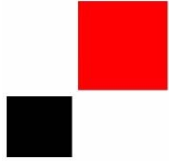


UNIVERSITY of LOUISVILLE<sup>®</sup>

*dare to be great*

**2005-06**  
**OPERATING BUDGET**  
***SALARY INCREASE***  
***GUIDELINES***



**2005-06 OPERATING BUDGET**  
***SALARY GUIDELINES AND INSTRUCTIONS***

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**University of Louisville  
Fiscal Year 2005-06 Operating Budget  
Salary Increase Guidelines**

**INTRODUCTION**

President Ramsey and the senior leadership team are committed to providing equitable compensation to all University employees. The leadership team considers compensation to be one of the key strategic initiatives for the University. Toward that end, the University has included in the fiscal year 2005-06 operating budget, increases in pay and associated fringe benefits. Funds totaling 3.5% of general fund faculty and staff salaries are being made available for annual pay adjustments. Additionally, the proposed budget includes funds for a faculty catch-up pool, faculty promotions, staff promotions and reclassifications, and increases in the employee-paid cost of health insurance, social security, retirement contributions and other miscellaneous benefits.

**BUDGET CONTINGENCIES**

The proposed salary increases to the FY 2005-06 Operating Budget as outlined in these guidelines are subject to the following contingencies:

1. Realization of the state appropriation for FY 2005-06, as enacted in the Budget of the Commonwealth of Kentucky.
2. Maintaining Continuing Annual Requirement (C.A.R.) budget adjustments, impacting the FY 2005-06 Operating Budget, at the March 31, 2005 authorized level.
3. Realization of revenue estimates for FY 2005-06, including tuition and fee revenue, sufficient to meet total expenditures.
4. No decline in student enrollment from that projected in the FY 2005-06 tuition revenue budget.

**SALARY AND WAGE GUIDELINES BY CLASSIFICATION**

Salary and Wage increases for all university units shall be computed and distributed in accordance with the following guidelines:

**FACULTY (FAC)**

Funds totaling 3.5% of budgeted general fund faculty salaries are available for performance-based faculty salary adjustments. Units with faculty positions, funded from sources other than general funds, must also adhere to these University-wide guidelines.

- Individual salary adjustments may range from 0% to a maximum increase of 5%, but the average of such increases for each major academic unit must equal 3.5%. This guideline does not include salary adjustments for faculty promotions.

**Permanent Full-Time Faculty:** In determining performance-based increases for individual faculty members, Deans are encouraged to consult with either their collective faculty or an appropriate faculty advisory committee. This consultation should be in conjunction with unit

performance-based salary increase policies or existing unit policy. Final salary increase decisions, however, are the responsibility of the respective dean.

- Academic units shall prepare a written performance evaluation for each faculty member, consistent with the policies and procedures of that respective unit. The evaluations must clearly support differences in individual performance that are used in the assignment of performance-based salary increases.
- Faculty members receiving an “unsatisfactory” performance evaluation are not eligible for a performance-based salary increase.

**Permanent Part-Time Faculty:** For the purpose of this salary policy, permanent part-time faculty who are separately budgeted as an individual line item will be treated the same as permanent full-time faculty.

**Term Faculty:** For the purpose of this salary policy, term faculty who are separately budgeted as an individual line item will be treated the same as permanent full-time faculty.

**Lecturer Lump Sums:** These budgets will be increased 3.5% across-the-board. The University’s Leadership Team directs that an appropriate portion of the 3.5% Lecturer Lump Sum increase be allocated for salary increases for part time lecturers. Each academic unit must submit and receive approval for a unit salary distribution plan for part time lecturers from the University Provost. This must be done prior to the release of any performance-based salary increase funds for the unit.

**Academic Administrators:** Associate Deans, Assistant Deans, Department Chairs and Directors of academic programs and centers and institutes who hold faculty rank are often considered to hold administrative positions. For purposes of this budget submission, however, their salaries are included in the 3.5% pool for faculty performance-based increases. As faculty, these individuals are eligible for performance-based salary increases in accordance with unit policies.

**Extraordinary Salary Increases:** Upon request, deans are afforded additional flexibility for salary increases above the faculty performance-based maximum increase amount. With written approval, salary increases for faculty above the available budgeted amount can be made on an exception basis. Such increases will be funded totally from unit resources, either from internal reallocation or from other discretionary funds that can be budgeted on a recurring permanent, (C.A.R). basis. Requests for salary exceptions must be made in writing, including a compelling justification. Deans may request such waiver by writing to the Office of the President.

**Faculty Promotion Funds:** Funds for faculty promotions will be allocated over and above the 3.5% total available for faculty salary increases. These funds will be set-aside in a central reserve for distribution to departmental budgets as needed.

**Faculty Catch-up Funds:** The Provost recently sent a letter to all Deans outlining the faculty catch-up process and guidelines. An amount of \$1,400,000 is included in the 2005-06 proposed budget for targeted faculty catch-up increases. This amount should be distributed according to the following guidelines:

- Use the **Faculty Salary Analysis** (Office of Institutional Research and Planning, July 2004) as a guide in identifying faculty in disciplines and among faculty ranks who should be considered for salary catch-up adjustments. After reviewing the benchmark salary analysis, deans have the option of addressing their findings with the Provost Office based on (1) lack of sufficient information from the study as it applies to identified divisions within the unit; or (2) special knowledge of the unit or departmental factors which mitigate against a direct application of the study's results.
- Distribute funds only to those faculty who have consistently received satisfactory (or better) performance evaluations, as determined by your unit's annual review and Performance-Based Salary Increase process.
- Distribute funds to address your unit's most pressing salary problems. Do not use across-the-board, flat amounts, or similar approaches that sidestep performance and compression issues.
- Do not use these funds to correct gender inequities.
- As a general rule, do not increase base funding on unfilled salary lines; however, if you determine that the salary in an unfilled line is not sufficient to recruit a faculty member, you may request the addition of funds to a vacant line from the available pool.
- Distribute funds in a way that does not cause compression problems among faculty ranks within disciplines.
- Work closely with department chairs to identify individuals, regardless of rank or department, who fall below the benchmark in departments not specifically identified by the Institutional Research study, and distribute funds to those individuals if appropriate.

### **PROFESSIONAL / ADMINISTRATIVE (PRF) AND CLASSIFIED STAFF (CLS)**

For FY 2005-06, staff salaries will be adjusted using both across-the-board and performance-based increases. Staff positions funded from sources other than general funds must also adhere to these University-wide guidelines.

The budgeted salary increase funds are comprised of 2% for an across-the-board increase, this will apply to each staff member's pay, and a 1.5% performance-based pool that will be distributed at the discretion of the Vice President or Dean.

**Across-the-Board Increases:** Units will increase each budgeted staff salary line by a 2% across-the-board adjustment. Additionally, the University's salary schedule for Professional & Administrative and Classified staff shall be adjusted upward by 2% at the minimum of the range and 3.5% at the maximum. A copy of the updated salary and wage schedule is on page 10 as Schedule II of this document. All staff employees must be paid at least the new minimum salary or wage rate for their pay grade.

- Except as otherwise indicated by these guidelines, salary increases will be based on anticipated eligibility for the July payroll as determined on April 15, 2005.

**Performance-based Increases:** Funds totaling 1.5% of budgeted general fund staff salaries are available for performance-based staff salary adjustments.

- Funds will be pooled at the VP and dean level for subsequent distribution. VPs and deans may delegate this to departments within their unit at their discretion
- Performance-based salary increases will be based on performance ratings of satisfactory or higher on performance evaluations. When combined with across-the-board adjustments, total individual salary adjustments can range from 2% to 5%, but must average 3.5% overall for a unit.
- There shall be a single performance-based salary pool for both Professional / Administrative staff and for Classified staff.

**Exceptions:**

- **New staff employees:** A new staff employee who will be in provisional status on the July payroll is not eligible for a salary adjustment, except as required to bring the employee to the new range minimum entry salary or wage rate for their pay grade.
- **Performance Improvement Plan:** A staff employee who is on a performance improvement plan as of the July payroll will not be eligible for a salary adjustment, except as required to bring the employee to the new range minimum entry salary or wage rate for their pay grade.
- **Reclassifications, Transfers, and Promotions:** A staff employee who received an “in-range salary adjustment” or whose position is reclassified or who transfers to another job or is promoted is eligible for both across-the-board and performance-based adjustments.
- **Training Requirements:** Staff members who have not completed New Employee Orientation if hired after January 1, 2000 or Sexual Harassment Prevention Training if hired after December 3, 2001 are not eligible for a salary increase except for an amount required to bring the salary to the new minimum.
- **Disciplinary Actions:** Staff members who received progressive discipline of suspension or demotion within twelve months of the July payroll are not eligible for a salary increase except for an amount required to bring the salary to the new minimum. If a staff member has already been denied one salary increase due to the disciplinary action, then the same disciplinary action cannot be used as the basis for a second denial.
- **Salary Grade Maximums:** Employees who are currently at or near the maximum salary or wage rate for their pay grade can only receive a base salary adjustment up to the new maximum of the range. Any increases above the maximum of the range shall be given as a one-time, lump sum payment during the July 2005 payroll. See the Instructions section of this manual for specific details of implementing this limitation.

- **Extraordinary Salary Increases:** Vice Presidents and Deans are afforded additional flexibility for salary increases above the performance-based maximum increase. With written approval, salary increases for staff above the available budgeted amount can be made on an exception basis. Such increases will be funded totally from unit resources, either from internal reallocation or from other discretionary funds on a permanent, recurring C.A.R. basis. Requests for salary exceptions must be made in writing, including a compelling justification. Vice Presidents and Deans may request such waiver by writing to the Office of the President. These adjustments may be requested anytime throughout the year in accordance with the Pay Adjustments policy (PER-3.05).
- **Staff Reclassification Fund:** Funds for staff promotions, in-range adjustments and reclassifications will be allocated over and above the 3.5% amount available for across-the-board and performance-based salary increases. These funds will be set-aside in a central reserve for distribution to departmental budgets as needed, generally on a unit-matching basis.

### **BOARD APPOINTED ADMINISTRATORS (ADM)**

For FY 2005-06, the budgeted salary increase for administrators is a 3.5% performance-based pool. Administrator positions funded from sources other than general funds must also adhere to these University-wide guidelines.

**Performance-based Increases:** Funds totaling 3.5% of budgeted general fund administrator salaries will be allocated for performance-based salary adjustments.

After making a written performance evaluation on each administrator, Vice Presidents and Deans will forward their salary recommendations to the Office of the President as appropriate. Individual salary adjustments can range from 0% to 5%, but the combined recommendations by a Vice President or Dean may not exceed the 3.5% pool for their area. The Office of the President will make the final salary determination for all Board appointed Administrators. Approved salary increases will be input to the Budget Preparation System by the Office of Budget and Financial Planning (BFP).

**Extraordinary Salary Increases:** Vice Presidents and Deans are afforded additional flexibility for salary increases above the performance-based maximum increase amount. With written approval, salary increases above the available budgeted amount can be made on an exception basis. Such increases will be funded totally from unit resources, either from internal reallocation or from other discretionary funds on a permanent, recurring (C.A.R.) basis. Requests for salary exceptions must be made in writing, including a compelling justification. Vice Presidents and Deans may request such waiver by writing to the Office of the President. These adjustments may be requested anytime throughout the year. The Office of the President will make the final decisions on a case-by-case basis.

### **GRADUATE ASSISTANTS (GTA, GRA & GSA)**

Stipends for graduate assistant positions shall not be increased across-the-board. Instead, funds totaling 3.5% of the general fund graduate assistant stipend base will be pooled centrally to

provide for targeted adjustments. The Dean of the Graduate School will make the distribution of these funds on a case-by-case basis.

**STUDENT WAGES (STD) AND TEMPORARY / CASUAL LABOR (TMP)**

Student wage and temporary / casual labor lump sum budgets shall not increase for FY 2005-06.

**OVERTIME (OT1)**

University units that incur overtime expense shall allocate funds in their operating budget to cover such anticipated expenditures. Expenditures for overtime are authorized for only those units that have overtime budgets. Lump sum budgets for overtime wages shall not increase for FY 2005-06.

**SHIFT DIFFERENTIAL (SD1)**

Lump sum budgets for shift differential shall increase 3.5% across-the-board for FY 2005-06.

**SALARY INCREASES FROM FUNDS OTHER THAN GENERAL FUNDS**

Salary and wage increases for faculty and staff, either partially or entirely funded from non-general fund sources, must be provided pro rata from the appropriate fund source in accordance with these salary policies for the FY 2005-06 Operating Budget.

The average percentage given for faculty salary increases for a particular unit, either partially or entirely funded from non-general funds, may not be greater than the total 3.5% outlined in the above guidelines.

**SALARY INCREASES FROM STUDENT ACTIVITY FEES, AUXILIARY ENTERPRISES, AND SERVICE CENTER ACTIVITIES**

Salary and wage increases, either partially or entirely funded from student activity fees, revenue from Auxiliary Enterprises, University Housing or Service Center Activities must be provided pro rata from the appropriate fund source in accordance with these salary policies for the FY 2005-06 Operating Budget.

**VACANT POSITIONS**

If a salary increase is budgeted for an employee who subsequently leaves their present position before July 1, 2005, the unit may redistribute the proposed salary increase to another employee(s). This re-budgeting option will be done at the discretion of the Vice President or Dean.

Vacant positions which do not have a clearly identified source of funding to support the annual salary will be removed from the University's budget, will revert to inactive status and will be so designated within the University's Position Management System.

In accordance with University practice, vacant staff positions will normally revert to entry level as shown on the University's salary schedule for FY 2005-06. Staff positions may be filled, however, at salary levels necessary to attract qualified candidates. Respective Vice Presidents and Deans may retain any funds remaining between actual and budgeted salaries for internal reallocation.

### **FRINGE BENEFITS (Group Insurance, Retirement, FICA, Etc.)**

The Office of Budget and Financial Planning will make all fringe benefit calculations. These amounts are non-discretionary and will be added to unit budgets automatically as one of the last steps in the FY 2005-06 budget development process.

### **INSTRUCTIONS FOR PHASE II OF THE 2005-06 OPERATING BUDGET**

This phase in the development of the FY 2005-06 budget will require the updating of line-item position budgets which units have already entered in the Budget Preparation System.

1. Units will make salary increase entries to the Budget Preparation System.
  - a. Verify **all** unit position information shown in the Budget Preparation System, including all descriptive information, funding sources, and budget amounts.
  - b. Record the proposed salary increases in the Budget Preparation System. This step includes the recording of a new Full-Time Annual Salary Rate (FTASR) and entering the salary increase in the Across-the-Board field and/or Performance field. The salary increase amount will be the amount of any performance-based increase for faculty and administrators; for staff the amount will be the total of the 2% across-the-board increase and any performance-based increase. The ATB +/- column is to be used for the 2% increase **ONLY**. Performance based increases should be entered in the performance +/- column.
    - i. **Special care needs to be exercised with individuals whose pay is already at the maximum or nearing the maximum for their pay grade.**
    - ii. For an employee whose pay is already at the maximum for the pay grade, create a new funding distribution with Earnings Type "X" and tab over to the appropriate column (ATB or performance) to input the amount. Do NOT make an entry to the C.A.R. field.
    - iii. For an individual whose pay is below the grade maximum but the increase would cause the pay to exceed the maximum, the increase should be split between two earnings types and distributions. For that portion of the increase which takes the

- pay rate to the grade maximum, use the existing funding distribution with Earnings Type “R” by tabbing over to the appropriate column (ATB or performance) and entering that amount which will increase the pay to the grade maximum. For the remaining portion of the increase which exceeds the grade maximum, create a **new funding distribution with Earnings Type “X”** and tab over to the appropriate column (ATB or performance) to input the amount. Do NOT make an entry to the C.A.R. field.
- c. Verify that the salary information has been entered into the Budget Preparation System correctly by running the *Detail Departmental Expenditures* report, which can either be printed or saved as a PDF file for future reference.
  - d. A unit and University-wide budget reconciliation is done daily during this phase. Hence, Unit Budget Coordinators must report to your budget analyst the amount of general fund merit entered into the Budget Preparation System at the end of each day. Your budget analyst will provide further details on the method for this reporting.
  - e. Complete work in the Budget Preparation System **no later than Friday, May 6, 2005**. Units capable of completing their salary adjustments earlier are encouraged to do so and to notify their respective budget analyst.
2. Vice Presidents and other members of the President’s staff should submit their recommendations for Board-appointed administrator increases to the Office of the President **no later than Friday, April 29, 2005**. Deans should submit their recommendations for Board-appointed administrator increases to the Office of the Provost **no later than Friday, April 29, 2005**. The Offices of the President and Provost will submit approved administrator salary increases to Budget and Financial Planning, and BFP will input these adjustments to the Budget Preparation System.
  3. Any change which alters the “bottom line” of general fund departmental budgets, other than salary increases, must be made in writing. So that such budget changes can be properly recorded and processed in a timely and consistent manner, units are required to use the **Budget Change Order (BCO)** form. This is an easy-to-understand, electronic form located on the Budget and Financial Planning website under “Forms.” The BCO contains formatted space for information needed to update the Budget Preparation System. To inform all parties of requested changes, Budget Change Orders must be routed through normal administrative approval channels to Budget and Financial Planning. After approval, Budget and Financial Planning will use the approved BCOs to update the Budget Preparation System.

## SCHEDULE I

## Summary of Salary and Wage Guidelines for 2005-06

EMPLOYEE CATERGORY		SALARY INCREASE PERCENTAGES				
		Across-the-Board	Performance Based	Range of Performance Based Increases	Unsatisfactory	Total
Full-time Faculty	(FAC)	-0-	3.5%	0%-5%	-0-	0-5%
Permanent Part-time Faculty	(FAC)	-0-	3.5%	0%-5%	-0-	0-5%
Instructional (Lump Sums)	(FAC)	3.5%	-0-	---	---	3.5%
Research Associates (R 12)	(RES)	2%	1.5%	0%-3%	-0-	0-5%
Graduate Assistants	(GRD)	-0-	3.5%	---	---	3.5%
Administrators	(ADM)	-0-	3.5%	0%-5%	-0-	0-5%
P&A Staff	(PRF)	2%	1.5 %	0%-3%	-0-	0-5%
Classified Staff	(CLS)	2%	1.5%	0%-3%	-0-	0-5%
House Staff	(HSF)	3.5%	-0-	---	---	3.5%
Student Wages	(STD)	-0-	-0-	---	---	0%
Overtime Wages	(OT1)	-0-	-0-	---	---	0%
Temporary and Casual Labor	(TMP)	-0-	-0-	---	---	0%
Shift Differential	(SHF)	3.5%	-0-	---	---	3.5%

## SCHEDULE II

<b>PAY GRADES AND CORRESPONDING PAY RANGES</b>			
Non-Exempt, Classified Staff Hourly Rates, Effective July 1, 2005			
Grade	Minimum	Midpoint	Maximum
NA*	\$8.29	\$10.45	\$12.61
NB	\$9.76	\$12.32	\$14.88
NC	\$11.31	\$14.55	\$17.79
ND	\$13.35	\$17.17	\$20.99
NE	\$15.45	\$20.27	\$25.09
NF	\$18.23	\$23.91	\$29.59
NG	\$21.51	\$28.22	\$34.92
NH	\$24.90	\$33.29	\$41.69
NI	\$29.38	\$39.28	\$49.18
Exempt, Professional & Administrative Staff Annual Salaries, Effective July 1, 2005			
Grade	Minimum	Midpoint	Maximum
EA**	\$17,234	\$21,732	\$26,231
EB	\$20,336	\$25,644	\$30,953
EC	\$23,525	\$30,263	\$37,001
ED	\$27,761	\$35,712	\$43,663
EE	\$32,129	\$42,145	\$52,161
EF	\$37,912	\$49,731	\$61,550
EG	\$44,735	\$58,682	\$72,629
EH	\$51,793	\$69,253	\$86,714
EI	\$61,114	\$81,717	\$102,320

\* N indicates Non-Exempt (Classified)

\*\* E indicates Exempt (Professional & Administrative)