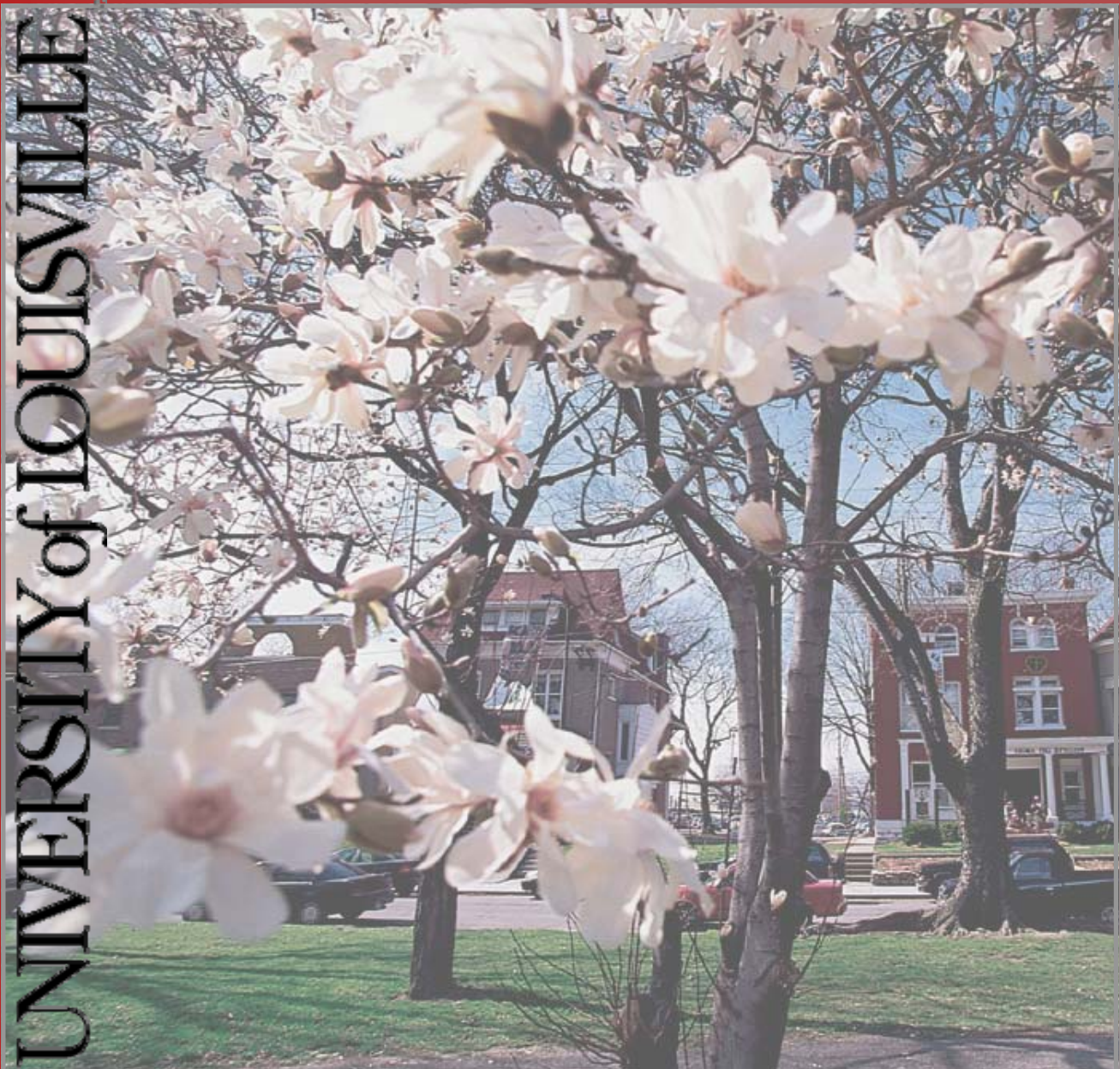


2007-2008
OPERATING BUDGET
Salary Guidelines
and Instructions

UNIVERSITY of LOUISVILLE





2007-08 OPERATING BUDGET
SALARY GUIDELINES AND INSTRUCTIONS

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University of Louisville
2007-08 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 one of the key strategic initiatives for the University. Toward that end, the University has included in the Fiscal Year 2007-08 operating budget important increases in pay and associated fringe benefits. Funds totaling 4.0% of general fund faculty and staff salaries for filled positions are being made available for annual pay adjustments. Additionally, the proposed budget includes funds for a staff catch-up pool, faculty promotions, staff promotions and reclassifications, and increases in the employer-paid cost of health insurance, social security, retirement contributions and other miscellaneous benefits.

This document provides the guidelines and instructions for budgeting pay increases for fiscal year 2007-08. **It is essential that salary increase decisions and updating of line-item position budgets in the Budget Preparation System be completed no later than Friday, April 20, 2007.**

BUDGET CONTINGENCIES

The proposed salary increases to the 2007-08 Operating Budget as outlined in these guidelines are subject to the following contingencies:

1. Realization of the state appropriation for FY08, as enacted in the Budget of the Commonwealth of Kentucky.
2. Maintaining Continuing Annual Requirement (CAR) budget adjustments impacting the FY08 Operating Budget at the March 31, 2007 authorized level.
3. Realization of revenue estimates for FY08, including tuition and fee revenue, sufficient to meet total expenditures.
4. No overall decline in student enrollment from that projected in the FY08 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

Funds totaling 4.0% of budgeted general fund faculty salaries, not including vacant positions, 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 for faculty receiving satisfactory or higher performance

evaluations may range from 0% to a maximum increase of 5.5%, but the average of such increases for each major academic unit must equal 4.0%. Individual salary increases above the maximum 5.5% may be approved on a case-by-case basis by the Executive Vice President and Provost.

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 other 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 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 4.0% across-the-board. The University’s leadership team directs that *part-time faculty paid from Lecturer Lump Sums should receive a 4.0% pay increase*. Each academic unit must submit and receive approval from the Executive Vice President and Provost a unit salary distribution plan for part-time lecturers.

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 merit 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 (CAR) basis. Requests for salary exceptions must be made in writing and include a compelling justification. Deans may request such waiver by writing to the Executive Vice President and Provost.

Faculty Promotion Funds: Funds for faculty promotions will be allocated over and above the 4.0% total available for faculty salary increases. These funds will be set-aside in a central reserve for distribution to unit budgets as needed.

PROFESSIONAL / ADMINISTRATIVE AND CLASSIFIED STAFF

Funds totaling 4.0% of budgeted general fund staff salaries, not including vacant positions, are available for a combination of across-the-board (2.5%) and performance-based (1.5%) salary adjustments for staff who are performing at a satisfactory or higher level. Staff must receive a satisfactory performance evaluation to receive the 2.5% across-the-board salary adjustment. Units with staff positions funded from sources other than general funds must also adhere to these University-wide guidelines.

For FY08, the University's salary schedule for Professional & Administrative Staff and Classified Staff shall be adjusted upward by 2.5% at the minimum of the range and 4.0% at the maximum. The updated salary and wage schedule for FY08 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, 2007.

Performance-based Increases:

- Funds will be pooled at the vice president / dean level for subsequent distribution. At their discretion, vice presidents and deans may delegate this to departments within their units.
- Performance-based salary increases will be based on performance ratings of satisfactory or higher on performance evaluations. Total individual salary adjustments can range from 2.5% to 5.5%, but must average 4.0% overall for a unit. Individual salary increases above the maximum 5.5% may be approved on a case-by-case basis by the Executive Vice President and Provost.
- Research Associates are classified as Professional and Administrative Staff positions.
- There shall be a single performance-based general fund salary pool for both Professional / Administrative Staff and Classified Staff.
- Staff positions funded from sources other than general funds must also adhere to these University-wide guidelines.

Exceptions:

- **New staff employees:** A new staff employee who will be in provisionary 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 are not eligible for a salary increase except for an amount required to bring the salary to the new minimum entry salary or wage rate for their pay grade.
- **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 2007 payroll. See the *Instructions for Updating the Budget Preparation System* 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 CAR 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 Executive Vice President and Provost. 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 4.0% amount available for across-the-board and performance-based salary increases. These funds will be set aside in a central reserve for distribution to unit budgets as needed, generally on a unit one-for-one matching basis.

BOARD-APPOINTED ADMINISTRATORS

For FY08, the budgeted salary increase for administrators is a 4.0% 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 4.0% of budgeted general fund administrator salaries, not including vacant positions, 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 Executive Vice President and Provost. Individual salary adjustments can range from 0% to 5.5%, but the combined recommendations by a vice president or dean may not exceed the 4.0% pool for their area. Individual salary increases above the maximum 5.5% may be approved on a case-by-case basis by the Executive Vice President and Provost. 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 (CAR) 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 Executive Vice President and Provost. 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

Stipends for graduate assistant (GA) positions shall not be increased across-the-board. Instead, funds totaling 4.0% 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. This distribution by the Graduate School will not include GA positions funded by grants or GA positions in general fund self-sustaining programs such as University Housing, Hospital (Hxxxx) and auxiliary services activities. Such GA stipend increases in these special programs must be provided by the appropriate funding source for each program.

STUDENT WAGES AND TEMPORARY / CASUAL LABOR

Student wage and temporary / casual labor lump sum budgets shall not increase for FY08.

OVERTIME

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 2007-08.

SHIFT DIFFERENTIAL

Lump sum budgets for shift differential shall increase 4.0% across-the-board for FY08.

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 FY08 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 4.0% outlined in the above guidelines.

AUXILIARY ENTERPRISES, SERVICE CENTERS AND PROGRAM BUDGETS

Salary and wage increases either partially or entirely funded by revenue from Auxiliary Enterprises, University Housing, Service Center activities or other program budgets must be provided pro rata from the appropriate fund source in accordance with these salary policies for the FY08 Operating Budget.

VACANT POSITIONS

All vacant positions with the exception of Graduate Assistants and Fellowships are excluded from the salary pool calculations.

Vacant positions that do not have a clearly identified source of funding to support the annual salary will be removed from the University's budget.

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 FY08 budget development process.

INSTRUCTIONS FOR UPDATING THE BUDGET PREPARATION SYSTEM

This phase in the development of the FY08 budget will require the updating of line-item position budgets which units have already entered in the Budget Preparation System (BPS).

1. Units will make salary increase entries to the Budget Preparation System.
 - a. Verify **all** unit position information shown in the BPS including all descriptive information, funding sources, and budget amounts.
 - b. Research Associate positions should appear in the Budget Preparation System as Professional and Administrative Staff with the appropriate Research Associate job code and account code 511300.
 - c. Record salary increases in the BPS. This step includes entering the salary increase in the Perf/ATB+/- and the CAR+/- fields. Also enter for P&A staff the new Full-Time Annual Salary Rate (FTASR) and for Classified staff enter the new Hourly Rate.
 - d. **Special care needs to be exercised with individuals whose pay is already at the maximum or nearing the maximum for their pay grade.**
 - i. 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 Perf/ATB+/- field to input the amount. Do NOT make an entry to the CAR+/- field.
 - ii. For an individual whose pay is below the grade maximum but the increase will 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" and enter in both the Perf/ATB+/- and CAR+/- fields 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 Perf/ATB+/- field to input the amount. Do NOT make an entry to the CAR+/- field for the "X" type earnings.
 - iii. Prepare a list of all employees who are at or exceed the maximum for their pay grade as a result of the pay increase. Forward this list to your analyst in Budget and Financial Planning at the conclusion of this salary increase phase.
 - e. 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.
 - f. 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.

- g. Complete work in the Budget Preparation System **no later than Friday, April 20, 2007**. 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 13, 2007**. Deans should submit their recommendations for board-appointed administrator increases to the Executive Vice President and Provost **no later than Friday, April 13, 2007**. The Office of the President will submit approved administrator salary increases to Budget and Financial Planning, and BFP will input these adjustments to the Budget Preparation System.
3. During this salary increase period, any change other than salary increases that alters the "bottom line" of general fund departmental budgets must be documented 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 electronic form is located on the BFP website under "Forms." The URL is <http://www.louisville.edu/vpf/budget/onlinebco.xls>. 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
2007-08**

Employee Category		Salary Increase Percentages				
		Across-the-Board	Performance Based	Range of Performance Based Increases	Unsatisfactory	Total
Full-time Faculty	(FAC)	-0-	4%	0-5.5%	-0-	0-5.5%
Permanent Part-time Faculty	(FAC)	-0-	4%	0-5.5%	-0-	0-5.5%
Instructional Lump Sums	(FAC)	4%	-0-	---	---	4%
Graduate Assistants *	(GRD)	-0-	---	---	---	4% *
Administrators	(ADM)	-0-	4%	0-5.5%	-0-	0-5.5%
P&A Staff	(PRF)	2.5%	1.5%	0-3%	-0-	2.5-5.5%
Classified Staff	(CLS)	2.5%	1.5%	0-3%	-0-	2.5-5.5%
House Staff	(HSF)	4%	-0-	---	---	4%
Student Wages	(STD)	-0-	-0-	---	---	0%
Overtime Wages	(OT1)	-0-	-0-	---	---	0%
Temporary and Casual Labor	(TMP)	-0-	-0-	---	---	0%
Shift Differential	(SHF)	4%	-0-	---	---	4%

* Graduate Assistant stipend increases will be pooled centrally for targeted adjustments by the Graduate Dean. See details on page 5.

SCHEDULE II

Pay Grades and Corresponding Pay Ranges			
Non-Exempt, Classified Staff Hourly Rates, Effective July 1, 2007			
Grade	Minimum	Midpoint	Maximum
NA*	\$ 8.67	\$11.12	\$13.57
NB	\$10.21	\$13.11	\$16.02
NC	\$11.83	\$15.49	\$19.15
ND	\$13.96	\$18.27	\$22.59
NE	\$16.15	\$21.58	\$27.01
NF	\$19.05	\$25.45	\$31.86
NG	\$22.49	\$30.04	\$37.59
NH	\$26.04	\$35.46	\$44.88
NI	\$30.72	\$41.83	\$52.94
Exempt, Professional & Administrative Staff Annual Salaries, Effective July 1, 2007			
Grade	Minimum	Midpoint	Maximum
EB**	\$23,660	\$28,489	\$33,317
EC	\$24,596	\$32,212	\$39,828
ED	\$29,024	\$38,011	\$46,999
EE	\$33,591	\$44,869	\$56,146
EF	\$39,637	\$52,944	\$66,252
EG	\$46,771	\$62,474	\$78,178
EH	\$54,150	\$73,744	\$93,339
EI	\$63,894	\$87,016	\$110,137

* N indicates Non-Exempt (Classified)

** E indicates Exempt (Professional & Administrative) / Grade EA abolished effective July 1, 2006 /
\$23,660 is FLSA minimum for exempt positions