

Salary Administration Policy Changes Effective July 1, 2010

Having completed its review of salary administration policies in collaboration with the Ad Hoc Salary Administration Review Committee and the Financial & Economic Welfare Committee of the Staff Senate, the Office of Human Resources recommends the following conceptual changes to University of Louisville salary administration policies for professional, administrative, and classified staff.

Background: Current salary administration policies include a number of fixed limits (including salary range values or percentage increases) which undercut the ability of campus administrators to manage compensation effectively and which work at cross purposes with the goal of creating compensation systems that support recruiting, retaining, recognizing, and rewarding top quality staff.

Purpose: To promote market-based compensation programs that enable campus administrators to recruit, retain, and reward staff employees based on the value of job-related employee qualifications in relation to prevailing market rates and internal equity considerations for comparable work, while maintaining appropriate public accountability and transparency.

Program Enhancements:

- Eliminate fixed limits in all salary administration policies and practices pertaining to new hires (which currently encourage appointment at minimum values), internal promotions (which currently limit increases to 8%), lateral transfers (which currently prohibit increases), and supplemental payments (which currently limit supplemental compensation to 10-12% of base salary).
- Ensure public accountability and transparency by providing that all salary decisions must:
 - Be supported by facts & data,
 - Be consistent with market values,
 - Recognize internal equity considerations (but not be bound by them), and
 - Be documented appropriately.

New Appointments:

- Promote hiring at market value, consistent with job related qualifications.
- Delegate salary authority to department chairs & directors from salary range minimum to mid-point.
- Provide for HR review and require Dean/VP approval above range mid-point to maximum.

Promotions & Reclassifications:

- Recognize that promotions or reclassifications would customarily result in a salary increase equivalent to one-half the percentage differential between salary grades (resulting in an 8-10% increase).
- Delegate salary authority to department chairs and directors up to the percentage differential between salary grades (up to 18% increase).
- Provide for HR review and require Dean/VP approval for increases that exceed the percentage differential between salary grades.

Lateral Transfers:

- Recognize that the “broad band” nature of UofL salary ranges may encompass jobs with different market values in a single salary range, resulting in the fact that a lateral transfer may involve significant changes in the level of work performed which would appropriately be recognized by a salary increase.
- Permit salary increases based on an evaluation of job-related qualifications and difference in job value, as recommended by department chairs and directors.
- Provide for HR review and require Dean/VP approval for all salary increases based on lateral transfers.

In-Range Adjustments:

- Create a new in-range adjustment policy that would permit salary increases based on an evaluation of job-related qualifications and difference in job value, as recommended by department chairs and directors for the following reasons:
 - Job Growth – to recognize additional duties or responsibilities that add value to the job, but which do not warrant reclassification to a higher salary grade.
 - Equity – to correct “material” salary differentials for comparable work among similarly situated employees (e.g., race, gender, range compression and spread).
 - Retention or Market – to counter bona fide external offers or maintain competitiveness.
 - May not be used to augment or substitute for Merit increases.
- Provide for HR review and Dean/VP approval for all in-range salary adjustments.

Supplemental Compensation:

- Consistent with current Finance Division policy, permit supplemental compensation for staff employees for work that is occasional, sporadic, unrelated to employee’s primary job duties, outside the employee’s home department, and outside of regular working hours as recommended by department chairs and directors.
- Provide for HR review and Dean/VP approval of all supplemental compensation for professional and classified staff (consistent with current Finance Division policy).

Program Administration:

- Departments must provide written justification for all salary increases or supplemental compensation payments that require Dean/VP approval.
- HR will review departmental justification, assess market value and internal equity for comparable positions, and advise Dean/VP as appropriate.
- HR will conduct period review of salary adjustments by category, by race/ethnicity & gender, by division/college/school, and by source of funds.
- Recognize that all salary increases are contingent on the availability of funds.

Approval & Implementation:

- Endorsed by the Staff Senate on April 12, 2010. Endorsed by Executive Leadership Team on April 13. Circulated for comment to Vice Presidents and Deans on April 13, without objection.
- Proposal is revenue neutral and does not authorize or necessitate the expenditure of additional funds. Approval authority rests with the President, as delegated to the Executive Vice President & University Provost. Board of Trustees approval is not required.
- Human Resources will exercise administrative authority to draft revised policies consistent with approved concepts and convey draft policies to the Staff Senate for review and comment prior to final publication and distribution. This may include the consolidation of various salary

