



2016-17 OPERATING BUDGET

***SALARY GUIDELINES AND
INSTRUCTIONS***

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University of Louisville
2016-17 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, funds totaling approximately 2.0% of general fund faculty and staff salaries for filled positions are being made available for annual pay adjustments. Additionally, the proposed FY 2016-17 budget includes funds for faculty and staff salary equity adjustments.

The University of Louisville formally adopted a living wage program to increase our minimum salary from \$8.67 to \$10.00 per hour, effective November 1, 2013. An important part of any living wage program is not just to implement a new minimum salary threshold, but also to put the procedures in place to be sure that the living wage threshold keeps pace with increases in the cost of living over time. The President and Provost have approved a proposal to increase our minimum hourly salary for regular staff employees 25 cents per hour for each fiscal year over the next four years (from July 2014 through July 2017) until our minimum salary is \$11.00 per hour.

This document provides the guidelines and instructions for budgeting pay increases for FY 2016-17. **It is essential that salary increase decisions and updating be completed no later than August 12, 2016.**

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 2.0% of budgeted general fund faculty salaries, not including vacant positions, are available for base and performance salary adjustments. Units with faculty positions funded from sources other than general funds must also adhere to these University-wide guidelines; the exception is clinical faculty. Clinical faculty in clinical departments are not eligible for a salary increase. Individual salary adjustments for faculty receiving a satisfactory or higher performance evaluation must average 2.0% for each major academic unit.

Regular 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 policies. Final salary increase decisions, however, are the responsibility of each 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.

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

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

Faculty on Entrepreneurial Leave: For the purpose of this salary policy, Faculty on E-Leave will receive their merit increase when they return to full-time work status.

Phased Retirees: For the purpose of this salary policy, Faculty on phased retirement from the University are not eligible for a performance-based salary increase.

Instructional/Lecturer Lump Sums: These instructional budgets shall be increased 2.0% across-the-board. The University’s leadership team directs that contract part-time faculty paid from Lecturer Lump Sums should receive a 2.0% pay increase. Each academic unit must submit and receive approval from the Interim Executive Vice President and Provost a unit salary distribution plan for contract 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 2.0% pool for faculty performance-based increases. As faculty, these individuals are eligible for performance-based salary increases in accordance with unit policies.

Faculty Promotion Funds: Funds for faculty promotions shall be allocated over and above the 2.0% total available for faculty performance-based increases. Faculty promotional increases shall be applied after these increases. These funds shall be set aside in a central reserve for distribution to unit budgets as needed.

PROFESSIONAL / ADMINISTRATIVE AND CLASSIFIED STAFF

Regular Full-time & Part-time Staff

Funds totaling 2.0% of budgeted staff salaries, not including vacant positions, are available for a combination of base salary adjustments and performance-based staff salary adjustments.

Each budgeted general fund staff salary line, not including vacant positions, is available for a salary increase based on the guidelines outlined below. Staff positions funded from other than general funds shall also adhere to the University-wide guidelines described below. Staff salary increases shall be distributed to Regular Full-time & Part-time staff as follows:

- 1) 1.0% Base Salary Adjustment for staff with an overall performance rating of MEET/GOOD, EXCEEDS/VERY GOOD or OUTSTANDING
- 2) 1.0% Merit pool distributed as follows:
 - a. MEET/GOOD = 0.25% Merit + 1.0% Base Salary Adjustment for a total increase of 1.25%
 - b. EXCEEDS/VERY GOOD = 1.0% Merit + 0.5% Base Salary Adjustment for a total increase of 1.5%
 - c. OUTSTANDING = 1.0% Merit + 1.0% Base Salary Adjustment for a total increase of 2.0%
- 3) Any remaining salary pool funds must be distributed equally among all staff employees (who meet the aforementioned criteria) with an overall performance rating of MEET/GOOD, EXCEEDS/VERY GOOD, or OUTSTANDING.
- 4) Regular part-time staff must be at least .40 FTE to qualify for a salary increase.
- 5) Employees must have continuous service from January 4, 2016 (1st workday of calendar year) through July 1, 2016 (1st workday of fiscal year).

Note: Continuous service includes both active pay status and periods of approved leave without pay (including FMLA, Temporary Medical Disability, and leave without pay for employees reduced in force, but subsequently re-hired within 12 months).

- 6) An employee whose performance is considered unsatisfactory is not eligible for an increase, except as required to comply with the established salary range minimum.

Note: Salary increases awarded to staff employees are contingent on an overall rating of “meets expectations” or above. Employees who are on a performance improvement plan as of July 1, 2016 are not eligible for a salary increase; however, employees that complete the performance improvement plan with satisfactory performance will have their annual salary increased to the grade minimum (where necessary).

- 7) Except as otherwise indicated by these guidelines, the 2% salary increase pool is based on positions and their associated sources of funds (speedtypes) in the Budget Preparation System as of April 11, 2016. Should a unit's total salary increase for staff positions paid by general funds exceed the BPS general fund pool amount, the unit must fund the difference.
- 8) Staff employees who received in-range salary adjustments, who were promoted, who transferred to the department, or whose positions were reclassified during the current fiscal year remain eligible for the salary increase. Departments do not exercise discretion to withhold annual salary increases for these reasons.

Employees with Specified Contracts

Staff whose salaries are specified by an employment contract (such as athletic coaches or contract services employees) are not eligible for a salary increase.

House Staff, Postdoctoral Fellows and Visiting Scholars

- House Staff (Pay Group H12) are construed as “contractual employees” and are not eligible for a salary increase.
- Employees in Pay Group R12 are eligible for a salary increase as long as they meet all other eligibility requirements outlined in these guidelines.
- Postdoctoral Associates and Scholars (Pay Group P12) are eligible for a salary increase as long as they meet all other eligibility requirements outlined in these guidelines.
- Postdoctoral Fellows and Visiting Scholars (Pay Group D12) do not have a formal employment relationship with the university and are not eligible for a salary increase. Funding for these appointments is educational or training in nature and may not be used to create an employee/employer relationship.

Leased Employees and Employees with Courtesy Contracts

- Certain University employees are leased to affiliated organizations. Salaries for leased employees are determined by their host institution. They are not eligible for across-the-board salary increases.
- Certain employees of affiliated organizations have courtesy contracts with the University that may include a nominal annual salary. An annual salary that does not support a minimum wage sufficiency test (regardless of FTE or other appointment status in the PeopleSoft system) is construed as a contract salary and the employee is not eligible for a salary increase.

Salary Grade Maximums

Employees who are currently at or near the maximum salary or wage rate for their pay grade shall only receive a base salary adjustment up to the maximum of the range. The portion of any annual salary increase above the maximum of the range shall be given as a one-time, lump sum pay adjustment during the August 2016 payroll.

Staff Reclassification Fund

Funds for staff reclassifications shall be allocated over and above the 2.0% amount available for performance based increases. These funds shall be set aside in a central reserve fund for distribution to departmental budgets as needed, generally on a unit-matching basis.

ADMINISTRATORS

Board-appointed Administrators

It is widely recognized that board-appointed administrators contribute a significant amount of time and energy to help advance the university's mission. As a whole, the university community appreciates their leadership and positive impacts. Given the university's current fiscal environment, board-appointment administrators earning \$150,000 or more per year will not receive a salary increase in FY 2016-17. Rather, these funds are redirected toward balancing the budget and helping to moderate tuition increases for our students. Administrator positions funded from sources other than general funds must also adhere to these University-wide guidelines.

Other Administrators

Performance-based Increases: Funds totaling 2.0% of budgeted general fund non-Board Appointed administrator salaries, not including vacant positions, shall be allocated for performance-based salary adjustments.

After making a written performance evaluation on each non Board-Appointed administrator, vice presidents and deans shall forward their salary recommendations to the Office of the Executive Vice President and Provost. Individual salary adjustments must average 2.0% for their area. The Office of the President shall make the final salary determination for all board-appointed administrators. Approved salary increases shall be electronically uploaded by the Office of Budget and Financial Planning (BFP)

GRADUATE ASSISTANTS

Stipends for graduate assistant (GA) positions shall not be increased for FY 2016-17.

STUDENT WAGES AND TEMPORARY / CASUAL LABOR

Student wage and temporary/casual labor lump sum budgets shall not increase for FY 2016-17.

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 2016-17.

SHIFT DIFFERENTIAL

Lump sum budgets for shift differential shall not increase for FY 2016-17.

VACANT POSITIONS

All vacant positions are excluded from the salary pool calculations. Vacant positions that do not have a clearly identified source of funding to support the annual salary shall be inactivated and not included in the University's budget.

FRINGE BENEFITS

(Group Insurance, Retirement, FICA, etc.)

The Office of Budget and Financial Planning shall determine fringe benefit allocations and shall make all fringe benefit calculations. These amounts are non-discretionary and shall be added to unit budgets automatically as one of the final steps in the FY 2016-17 budget development process.

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, shall be provided pro rata from the appropriate fund source in accordance with these salary policies for the FY 2016-17 Operating Budget.

The average percentage given for faculty salary increases for a particular unit, either partially or entirely funded from non-general funds, shall not be greater than the total 2.0% 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 shall be provided pro rata from the appropriate fund source in accordance with these salary policies for the FY 2016-17 Operating Budget.

INSTRUCTIONS FOR SUBMITTING SALARY INCREASES

HR will begin distributing Staff Salary Templates to VP/Dean Fiscal Officers beginning July 26, 2016. Staff from the Office of Budget and Financial Planning (BFP) will distribute budget pool information and salary information for Faculty and Administrators beginning July 27, 2016. Units should then review all information and return Staff templates to Lisa London, Director HR Operations (Lisa.London@louisville.edu) and should return Faculty and Administrator information to their respective Budget Analyst. All salary information must be corrected and submitted to the respective office by August 5, 2016 for Staff and August 12, 2016 for Faculty. BFP staff will reconcile each unit's salary increase submission and electronically load the increases into the Budget Preparation System (BPS).

SCHEDULE I: SUMMARY OF SALARY & WAGE GUIDELINES

FY 2016-17 SALARY GUIDELINES

Employee Category		Salary Increase Percentages				
		Base Salary Adjustment	Performance Based	Range of Performance Based Increases	Unsatisfactory	Total
Full-time Faculty	(FAC)	0%	2% avg.	--	0%	2%
Permanent Part-time Faculty	(FAC)	0%	2% avg.	--	0%	2%
Instructional Lump Sums	(FAC)	2%	0%	n/a	n/a	2%
Graduate Assistants	(GRD)	0%	0%	n/a	n/a	0%
Administrators (Board appointed earning \$150,000 or more per year)	(ADM)	0%	0%	0%	n/a	0%
Administrators	(ADM)	0%	2% avg.	--	n/a	2%
Staff	(CSL) (PNA)	1.0%	Up to 1.0%	0.25% - 1.0%	0%	2%
House Staff	(HSF)	0%	0%	0%	0%	0%
Student Wages	(STD)	0%	0%	0%	0%	0%
Overtime Wages	(OT1)	0%	0%	0%	0%	0%
Temporary and Casual Labor	(TMP)	0%	0%	0%	0%	0%
Shift Differential	(SHF)	0%	0%	0%	0%	0%

SCHEDULE II: SALARY RANGES

FY 2016-17 SALARY GUIDELINES

Salary Ranges for Exempt (Professional & Administrative) and Non-Exempt (Classified) positions are located on the Human Resources website:

<http://louisville.edu/hr/employment/comp/salary-wage-ranges>