

## **Compensation Guidelines, revised 6/23**

### **Scope**

All staff of the University, regardless of fund source including sponsored projects, with the exception of non-benefit eligible positions, as well as athletic coaches and other specified positions whose salary is a function of competition and negotiation.

### **Purpose**

- To support the institution's strategic vision to attract and retain talented and diverse individuals.
- To determine consistent compensation rates based on relevant labor markets.
- To maintain consistent compensation rates across the University.
- To establish consistent procedures for compensation decisions that are compliant with all laws, regulations, and policies and are fiscally responsible.

### **Important Notices**

"Senior Officer" is abbreviated as "SO" throughout these guidelines, which represents the Provost and Senior Vice President for Academic Affairs, Vice President for External Affairs, Vice President for Finance and Administration, Vice President for Research, Vice President for Student Affairs, Director of Athletics and General Counsel.

"Department Head" is referred to throughout this document, which represents the Dean or Associate Vice President (AVP), or, if the department does not have an AVP, the department's director.

No compensation rate should be communicated to the new hire or current employee until appropriate approval as described is granted.

Compensation adjustments will be effective at the start of the next pay period after approval. Retroactive compensation changes should not be expected and require SO approval.

Department Heads are responsible for identifying and securing recurring funding within their budget(s) to accommodate compensation decisions.

Grant funded positions will be reviewed and approved consistent with these guidelines.

Current employees who move into new positions at the University should be treated as new hires per these guidelines. Current employees changing from a non-benefit status to a benefit status in the same position must also be treated as new hires per these guidelines.

Exceptions to these guidelines may be approved in those cases where the agreement with USM is a "pass-through," in which case pass-through status must be approved by the SO and the PAF must state "pass-through."

Job descriptions are integral for compensation decisions. The job description serves to outline the key duties, responsibilities, and core functions of the position, as well as clarify the position's reporting chain. Supervisors are responsible for ensuring that each job description is current and complete. Significant changes in a position, excluding those that are temporary in nature, require a revised job description submitted to UHR.

### **Process for New or Updated Job Descriptions**

When a new position is created or an existing position has a significant change in responsibilities that is not temporary in nature, a job description must be created or updated to reflect the core functions of the job and a job evaluation request must be submitted to UHR. This process must be completed before a position can be posted or a compensation change can be granted to an incumbent.

- Job descriptions only need to be updated when there has been a significant change, such as:
  - A new position is created
  - Major functions/responsibilities are added or deleted from the position
  - Changes in the reporting chain occur (reports to a different position or supervises new positions)
- Updated job descriptions are not required for minor job changes, such as:
  - Duties are added that are reasonably consistent with current responsibilities
  - Changes in computer systems or other technology occur, which may require the employee to attend new training sessions
- Once UHR has reviewed the job evaluation request, they will communicate the appropriate job code with affiliated attributes (such as FLSA status- exempt or non-exempt- and recommended compensation range).
- If the Department Head has questions or concerns with UHR's information provided, they should contact UHR to discuss. If a disagreement cannot be resolved, the department's SO will be asked to make a final decision.

### **New Hire Offers (New to the University)**

Starting compensation rates for new hires should be determined as follows:

1. The hiring manager shall review the prospective employee's relevant education, length of related experience, knowledge, skills, and abilities as it relates to the position requirements in the job description, as well as in consideration of how the new hire's qualifications compare to incumbents in the same position (internal alignment).
2. If the new hire possesses the minimum requirements for the position per the job description, the Department Head shall set the compensation rate at or near the minimum of the recommended compensation range without need for additional approvals.
3. If the new hire possesses relevant education, skills or experience beyond the minimum requirements, with consideration of internal alignment, the Department Head has the flexibility to approve a compensation rate that is no more than the midpoint of the recommended compensation range.
4. If a compensation rate above the midpoint of the recommended compensation range is being considered, the Department Head shall propose a compensation rate and provide justification to UHR in writing, who will review the recommendation, along with internal alignment, and either approve it or recommend an alternate compensation rate. If unable to reach an agreed upon compensation rate, the matter will be escalated to the department's SO, who will make the final decision. Justification for a compensation rate approved above the midpoint of the recommended range should be documented and submitted as part of the new hire paperwork to be maintained in the new employee's personnel file.
5. Any compensation rate greater than the maximum of the recommended compensation range requires approval by the President. Approval justification should be documented and submitted as part of the new hire paperwork to be maintained in the new employee's personnel file. The Department Head should work through their chain of command to obtain such approval.

6. No compensation rate should be communicated to the prospective new hire until appropriate approval as described is granted.

### **Job Changes**

These guidelines are subject to variables such as the employee's current compensation rate, available department funding, and internal alignment. This means that a person may not be offered a pay increase or may be offered a rate lower than their current rate depending on circumstances.

#### **Promotions (Includes job enlargements)**

A promotion is the movement to another position of a higher compensation grade. A compensation rate for an employee who is promoted shall be proposed and approved in the same manner as new hires.

#### **Lateral Position Changes**

A lateral position change is the movement to another position of the same compensation grade. In such case, the employee usually receives no increase in compensation; however, if a rate adjustment is deemed warranted, it shall be proposed and approved in the same manner as new hires.

#### **Step-Down Position Change**

A step-down position change is the movement to another position with a lower compensation grade than the current position. In such cases a decrease in compensation may be appropriate. Determining the appropriate compensation rate for employees who move to a step-down position shall be proposed and approved in the same manner as new hires.

### **Duty Changes (Not a Job Change)**

An employee may receive a compensation rate adjustment for the assignment of additional duties (or ability to perform the work at a higher level) or for the reduction of duties that are not significant enough to warrant a new job description. Such situations should be reviewed with UHR.

If a compensation rate change is deemed warranted, the compensation rate can be increased up to five (5) percent (not to exceed the maximum of the range) or adjusted down up to 5% (but no lower than the minimum of the range). Any adjustments or approvals outside of this guideline require SO approval. Documentation explaining the pay change must accompany the PAF to be maintained in the employee's personnel file, which can be written in the comments or attached.

### **Alignment Adjustments**

A Department Head may request approval for adjustments in compensation for current employees whose compensation rates are believed to be out of alignment with the compensation rates of employees in comparable positions. No adjustment can occur without an internal alignment review by UHR. Alignment adjustments greater than 5% require SO approval.

### **Counteroffers**

Counteroffers should not be made except in the rare event one is deemed warranted, which requires SO approval. In such cases, a written offer letter or verification of the existence of a position offer should be requested. UHR must be consulted to determine the appropriateness of the counteroffer. President approval is required for all counteroffers greater than the maximum of the range. The Department Head should work through their chain of command to obtain such approval.

### **Additional Pay**

Employees may be eligible for additional pay when they serve in an interim capacity or assume additional work of a temporary nature (less than 1 year). Examples might include: serving in the department manager role while there is a vacancy, assuming certain duties of a different role while there is a vacancy, or working on a special project outside of the scope of their job.

With the exception of faculty and athletics, all requests for additional pay must be submitted to Human Resources in writing with an explanation as to why additional pay is being given and the amount. Human Resources, considering university-wide alignment, will either approve it or make alternate recommendations. If unable to reach an agreement, the matter will be escalated to the department's SO, who will make the final decision. No compensation rate should be communicated to the employee until appropriate approval as described is granted.

Upon completion of an interim assignment, the employee's compensation rate shall return to the previous compensation rate prior to the interim assignment. Interim assignments shall not exceed a period of twelve (12) months in duration. Requests for extensions must have SO approval with recommendations from UHR.

Employees who work more than one position at the University- such as in addition to their full-time position they teach exercise classes for Rec Sports or are scorekeepers for Athletics or help with parking during games- should be discussed with Human Resources to ensure their employment records are established appropriately.

### **Procedures**

Requests where no SO signature is required (minor job changes no more than 5% or new hire offers no more than the midpoint of the range):

1. The PAF may be submitted to UHR for processing.
2. Written justification must accompany the PAF to explain the decision where required as described. Written justification may be comments on the PAF if appropriate information is provided or can be an attachment, such as an email approval.
3. The compensation change may be communicated to the employee and will be made effective no sooner than the next full pay period.
4. It is highly advised that new hire offers and compensation adjustments for existing employees are discussed with UHR prior to being made if there is any question as to their adherence to these guidelines. UHR will not process any PAF that is out of compliance with the compensation guidelines unless and until the exception is approved by the SO. New hires will not be permitted to start work until the exception is granted or some other remedy is determined. Job offers may be revoked depending on the circumstances.

All other compensation adjustments or new hire offers must be processed as follows:

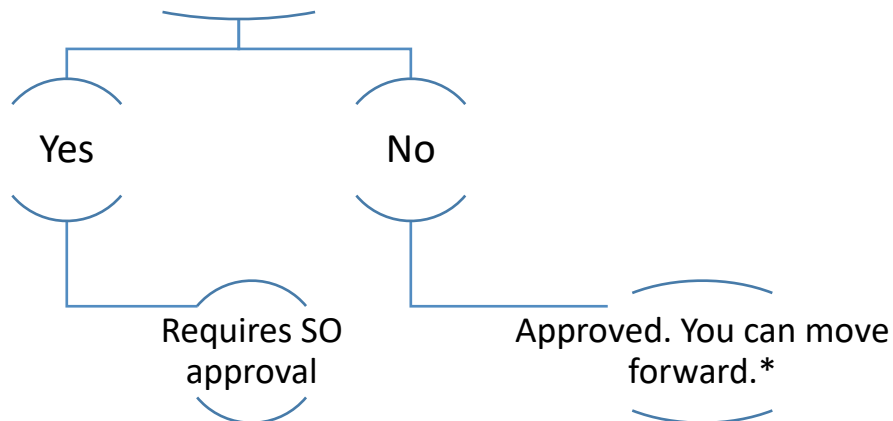
1. Requests for compensation adjustments of more than 5%, or new hire offers above the midpoint of the range, and other changes where required as described should be initiated by Department Heads.
2. The request must be made in writing to the party indicated and include appropriate documentation (e.g., offer letter, updated job description, etc.) and the rationale for requesting

the rate or adjustment. This must be done prior to submitting the PAF and communicating the offer/adjustment -no approval has been granted yet.

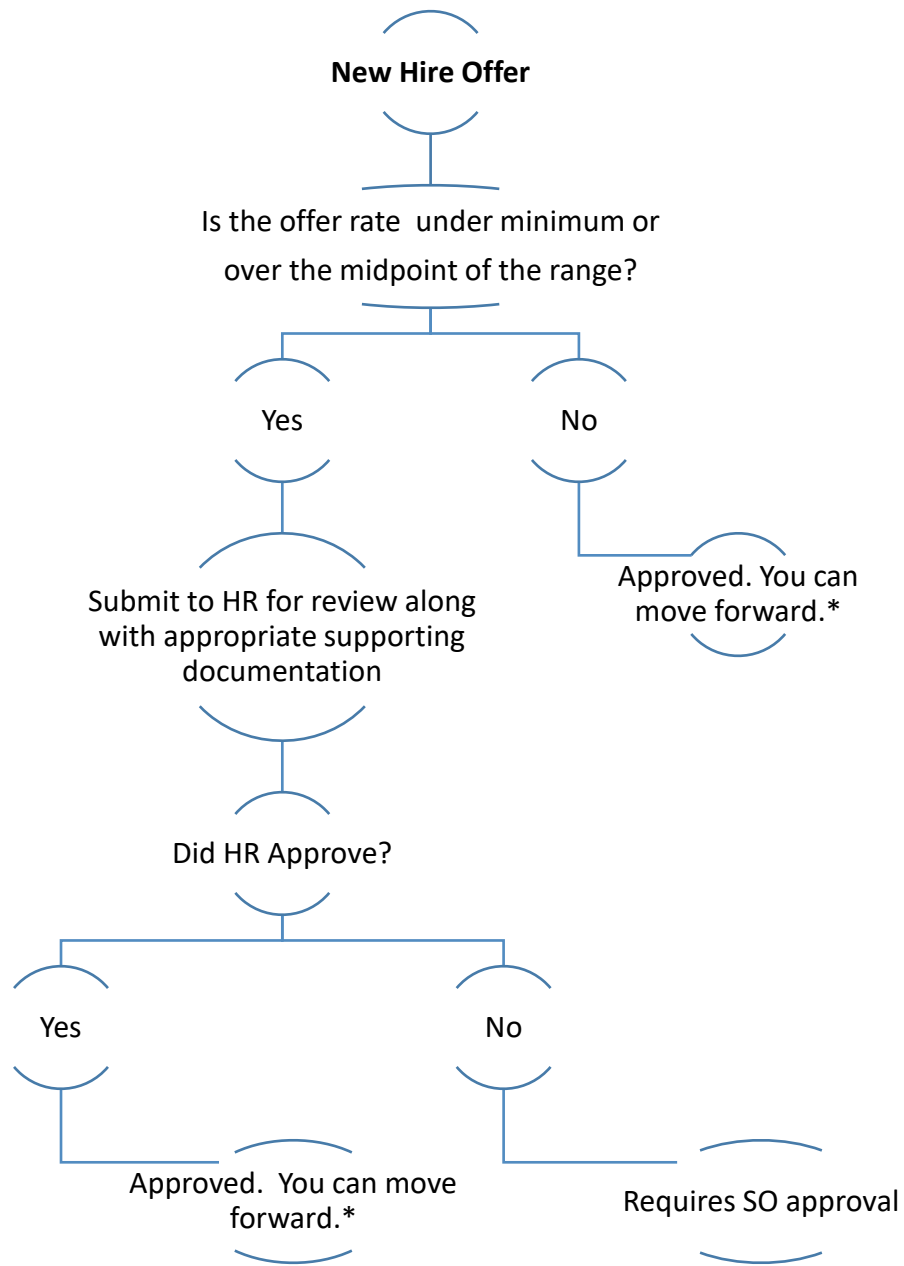
3. For new hire offers above the midpoint but less than the maximum of the range, the request should be sent to UHR via email and, if approved, no further approval is necessary (steps 4 and 5 can be skipped).
4. For new hire offers above the midpoint but below the maximum of the range that UHR does not support -or- compensation adjustments greater than 5%, the Department Head will send the request, along with any communication with HR as applicable, to the SO for review and approval (step 5 can be skipped).
5. For new hire offers greater than the maximum of the range, President approval is necessary. The Department Head should work through their chain of command to obtain such approval.
6. Once approved the department may submit a PAF. An effective date should be no earlier than the next full pay period. All documentation should be attached to the PAF for the record supporting the offer and/or compensation adjustment. Written documentation should include the email communication with approval.
7. The offer and/or change may be communicated to the applicant/employee.

### Pay Change for Existing Employee (no job change)

Is the pay increase more than 5% or  
outside of the range?



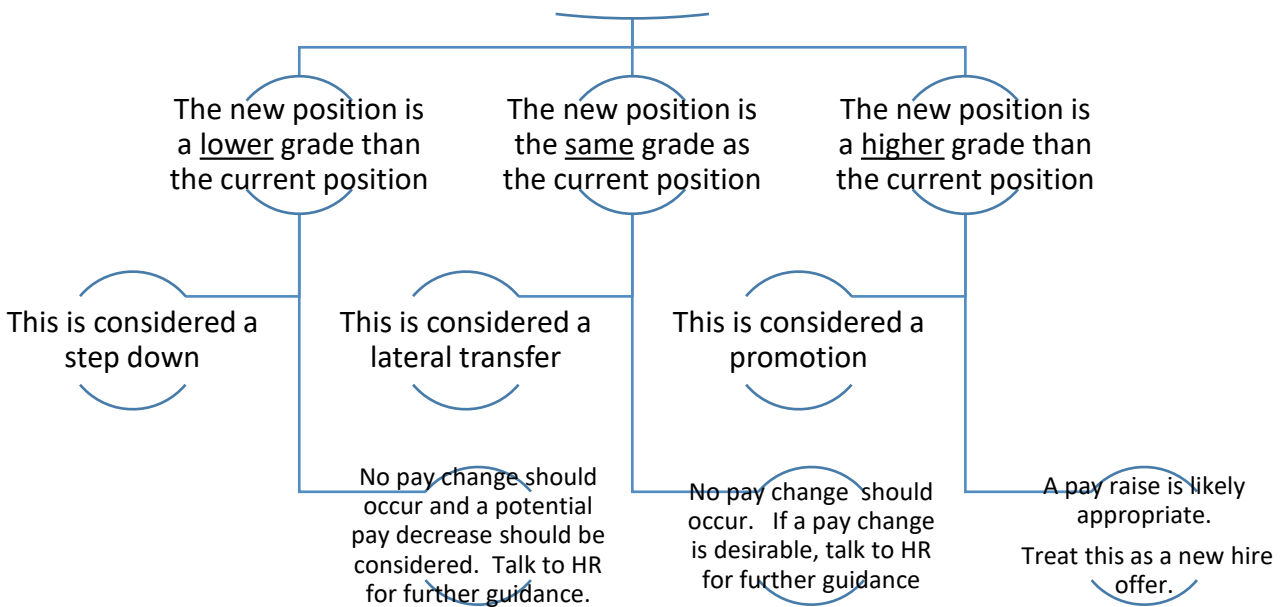
\* Departments must secure funding for compensation decisions.



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**Internal Offer**  
**(transfer, promotion & step down)**

Is the new position a higher, lower or same grade as the current?



# Compensation Guidelines FAQs

## Definitions

**SO-** Senior Officers

**UHR-** UHR

**Department Head-** Direct report of an SO, such as Dean or AVP

**FLSA-** Fair Labor Standards Act, a federal law that establishes criteria for determining if a job should be paid exempt (salaried) or non-exempt (by the hour)

## Compensation Guidelines

### **Which positions are covered under the compensation guidelines?**

All benefit-eligible staff positions. At this time, faculty, part-time (without benefits), student workers, athletic coaches, and a small number of specialized or unique positions are not included.

### **Are positions paid by a grant or auxiliary covered under these guidelines?**

Yes, funding source does not exempt a position from these guidelines.

### **Why are compensation guidelines necessary?**

- To support the institution's strategic vision to attract and retain talented and diverse individuals.
- To determine consistent compensation rates based on relevant labor markets.
- To maintain consistent compensation rates across the University.
- To establish consistent procedures for compensation decisions that are compliant with all laws, regulations, and policies and are fiscally responsible.

## Grades/Ranges

### **What is a compensation range?**

Compensation ranges are comprised of a minimum, midpoint, and maximum compensation rate. Each compensation range is identified with a grade.

### **What are grades?**

Grades provide a framework for compensation by defining the compensation range recommended for each staff position at the University as compared to other staff positions. Our grades are represented by a letter and a number. The letters indicate whether the range should be expressed in an hourly rate or an annual salary based on the FLSA status determined or if the range represents some exception to the norm (such as positions exempt from other



FLSA requirements). The numbers represent a succession of compensation ranges representing progressions in the required duties, qualifications, and responsibilities of positions.

### **Why ranges?**

Instead of ranges, we could have decided for each grade to have a single compensation rate that every position in that grade makes. This would mean that everyone would have to be paid the same and pay changes could not be made unless affecting the entire group. We recognize that even within the same grade there are variations of experience, skills, and abilities that should be recognized, thus, our choice of ranges over a single pay rate. With that said, using a range recognizes that not everyone in that grade will be paid the same; however, pay differences should be supported by job related differences such as experience, qualifications, and responsibilities.

### **How frequently will the ranges be updated?**

Infrequently. The compensation structure is intended to be fixed for more than a short period of time. The ranges themselves will not change; however, as circumstances change, positions may be regraded.

### **What is the minimum of the compensation range?**

The minimum of the range represents the lowest recommended hourly rate or annual salary the position should pay.

### **What is the midpoint of the compensation range?**

The midpoint of the range represents the average market rate for that position. The midpoint should never be our goal for all employees as we should be using the entirety of the range as appropriate. Typically, those with less experience should be under the midpoint and people with significant experience and more developed skills and abilities should be above the midpoint. As this program is new to USM, some positions may not meet these recommended guidelines initially, but it is our goal to address those over a period of time.

### **What is the maximum of the compensation range?**

The maximum of the range represents the highest recommended hourly rate or annual salary the position should pay.

### **How are existing positions graded?**

A job description is the basis for how a position is assigned to a grade. A review of the duties and qualifications as compared with market job descriptions as well as other internal positions. Supervisors are responsible for ensuring that each job description is current and complete. Significant changes in a position, excluding those that are temporary in nature, require a revised job description and a job reevaluation by UHR to ensure the position is properly graded.

**How does a newly created position get graded?**

At the time the position is created, the manager should send the new job description to UHR for a job evaluation. UHR will assign a job code and grade, as well as determine if the position should be exempt or non-exempt, and then the position can be posted.

**Why are all Directors not graded the same?**

Job titles alone do not play a role in the grading process. The primary information used to make judgments about the appropriate grade are the job duties and qualifications. Not all Director positions have the same responsibilities and the same qualifications.

**If someone receives an offer elsewhere at a higher rate, doesn't it prove our ranges are wrong?**

No. There will always be another job or employer that pays more for a variety of reasons. Our goal is to be competitive and make consistent decisions based on sound data from our specific markets. Plus, another offer is not always an "apples to apples" comparison.

**Grade Changes****What is considered a promotion?**

A promotion is a job change to a position assigned a higher grade. For example, if a person moves from a position graded N3 to N4.

**What is considered a lateral transfer?**

A lateral transfer is moving from one job to another of the same grade. For example, if a person moves from a position graded N3 to a position also graded N3.

**What is considered a step-down change?**

A step-down change is a job change to a position assigned a lower grade. For example, if a person moves from a position graded N4 to N3.

**What kind of changes to an existing job would warrant a new job description review?**

A job description should be reevaluated by UHR when major duties/responsibilities are added or deleted from the job description. Please note that more duties/responsibilities reasonably consistent with current responsibilities are not significant enough to warrant a reevaluation; new duties/responsibilities would need to be of a significant change of responsibility. A job grade is not based on quantity of work but level of responsibility (types of duties).

**Changing a job title from manager to director would mean a promotion, correct?**

Not necessarily. Job titles alone do not play a role in the determination of grades. The primary information used to make judgments about the appropriate grades are the job duties and qualifications. If the change is in title only, then the grade would not change.

### **Supervising more people would mean a promotion, right?**

Not necessarily. As positions are graded based primarily on the duties and qualifications, supervising more people does not necessarily change the grade. Going from no supervision to supervision likely does. Going from supervising 2 people to 4 likely does not. Going from supervising 4 staff members to supervising 2 managers who supervise 4 staff members each likely does. Each scenario will be looked at case by case, but generally a change in the complexity of supervisory responsibilities is more likely to warrant a possible grade change.

### **What are alignment and market reviews?**

An alignment or market review may be prompted by UHR or a Department Head whenever a need is determined. For example, a review might involve concerns about fair pay or sudden, significant changes in the market that may be affecting compensation (such as COVID).

## **Market Data**

### **What is market data?**

Market data is a culmination of what other institutions and organizations pay for similar positions.

### **What market data is used?**

USM uses two primary sources for market data: CUPA, which is higher ed specific, and CompAnalyst, which is a general industry source. All sources of market data can be filtered in ways such as geographic area, size, total operating expenses, industry, etc. Filters are applied to mirror our recruitment areas. For instance, some positions are national searches from higher ed institutions (such as for researchers or directors), whereas others are local searches that are not higher ed specific (such as administrative assistant or human resources).

### **How is market data used to grade positions?**

Positions are evaluated based on the job description compared to market data. When a comparable market job is identified, the market midpoint is used to identify the closest matching midpoint of our ranges. The grade that most closely corresponds with that midpoint becomes the assigned grade.

### **What does slotting mean?**

Not every position is going to have a corresponding market job for comparison. Many jobs are unique or a combination of multiple jobs. In these situations, the process of “slotting” is used in which the qualifications and duties of these positions are compared to the qualifications and duties of other positions that are close but not fully comparable. The comparison helps determine where the position fits in the grading structure.

**How frequently will positions be reevaluated to determine if the market has changed?**

At least every 3 years. The market itself doesn't change very frequently; however, you do occasionally see swings in specific professions. For instance, in the 1990s, there was a giant swing in the tech industry due to Y2K and then a drastic swing in the opposite direction in 2000 after it was over. Those types of swings are very rare, though (hence, the example from over 20 years ago). More recently was the unexpected labor market impact of COVID-19 where suddenly certain industries, such as hospitality, saw massive layoffs and then a sudden surge in demand thus drastically changing the market for such jobs.

**Does market data show USM is a low paying employer?**

No. The market data shows that for the most part we have done well at determining what we should be paying but have in some circumstances been inconsistent with our decision making from one department to another. In other words, someone was just as likely to be over the maximum as they were under the minimum, but the vast majority of employees fell within the range. Those extreme highs and lows as well as the inconsistencies is what we are trying to address.

**Why is my grade not comparable to other institutions in the state pay?**

Other universities in the state do not comprise the full market nor are they always the best comparables for us. We identify market data that is composed of the best comparisons: as many participants as much like us as possible, taking into account the unique aspects of each type of position.

**New Hire and Pay Change Determinations****What hourly rate or annual salary should a new hire be offered?**

The compensation guidelines outline the steps for new hire offers. Someone who meets the minimum qualifications of the job should be offered the minimum, or close to the minimum, of the range. The midpoint should be reserved for someone with more extensive experience and skills, knowledge, and abilities. Above midpoint should be reserved for individuals with significant experience and exceptional skills and abilities. Hiring managers are limited to offering no more than the midpoint of the range without further approval, and internal alignment must also be taken into consideration.

**What is internal alignment?**

Internal alignment refers to consistent compensation rates and grades within the University amongst incumbents in the same position. Differences in pay should be reflective of job-related factors such as experience, qualifications, and responsibilities.

**What if a new position is graded higher than the budget available?**

Hiring someone under minimum is contrary to the compensation guidelines and should be avoided. One option is to reevaluate the expectations of the position so that the duties and qualifications align more closely with the budget available. This would require a job description change and a new job evaluation from UHR.

**What if a new position is graded lower than the budget available?**

The compensation guidelines outline the process for having a new hire rate approved. One option would be to hire someone at a lower hourly rate or annual salary appropriate for the grade. Another option is to reevaluate the expectations of the position so that the duties align more closely with the budget available. This would require a job description change and a new job evaluation from UHR.

**A new hire was offered a higher rate than I make, is that allowed?**

Yes, if there are job-related reasons to support the decision, such as more experience, skills, knowledge, or responsibilities. If that does not seem to be the case, raise the issue with your supervisor or the Office of AA/EEO.

**I received an educational enhancement for completing my degree, how does that impact my pay in these new guidelines?**

The educational enhancement policy outlines what type of education qualifies for a raise and that raise is added to your rate/salary. If you change jobs, a new rate is established which takes into consideration your education level so you would no longer receive an educational enhancement on top of the new rate/salary.

**What records are required to be kept of compensation decisions?**

Any new hire rate above the midpoint or *any* change in compensation must be accompanied by documentation to explain and support the decision. Documents might include a memo or comments on the PAF. That documentation should be submitted to UHR with the PAF to be maintained in the personnel file. PAFs submitted without having followed the compensation guidelines may be held until all steps are completed.

**How much of an increase does a promotion warrant?**

It depends. The promotion may not warrant one at all depending on the person's current salary and the range of the new position. A hiring manager should utilize the compensation guidelines for making decisions and consult with UHR. Ultimately, the person should receive no less than the minimum of the new range.

**How much of an increase does a lateral transfer warrant?**

None. A lateral transfer is the movement to a job graded the same as the one the person is currently in. It is not a promotion but a transfer to a similar position. Therefore, a raise should not be expected. The hiring manager should utilize the compensation guidelines if they believe an exception is warranted.

**How much of a pay increase does a step-down position change warrant?**

None. In fact, a pay decrease should be expected. A step-down position change is the transfer to a lower graded position. Maintaining the same pay rate for a lower graded position should not be expected, and neither should a raise. The hiring manager should utilize the compensation guidelines if they believe an exception is warranted.

**What if I want to hire a current employee but their current rate is higher than my budget?**

The employee would have to take a pay decrease (or decline the offer) unless additional funding can be identified by the hiring department as long as the position has been graded at a level to support the rate decision.

**What is an interim assignment?**

An interim assignment is when an employee takes on the responsibilities of a different position, or partial duties, for a defined temporary time period, such as assuming the manager role during a vacancy.

**Are there any limitations on interim assignments?**

Yes. Interim assignments are intended to be temporary in nature and therefore should not exceed a period of one year. If an extension is needed, SO approval is required. At the conclusion of the interim assignment, the employee is to be returned to their former role at their former pay. Interim rates are to be discussed with UHR and approved per the guidelines in advance of being offered.

**If I take on additional duties, am I eligible for a pay increase?**

Maybe, it depends on the additional duties. A significant change in duties requires a new job description and review to determine if a grade change is warranted. The compensation guidelines address when this is appropriate and when it isn't. In situations where the changes may not be significant but still felt to warrant some type of increase, the guidelines state the manager may grant up to a 5% increase. A pay increase should not be expected for additional responsibilities/duties that are reasonably consistent with current responsibilities duties.

Temporary duty changes may be addressed through Additional Pay.

**If I am offered another job with a higher rate/salary, can I expect a counteroffer?**

No. The University's position on counteroffers is that they should not be made except in rare exceptions requiring SO approval.

## **Miscellaneous Questions**

### **Is my value to the institution reflected by the grade of my position?**

No. Grades reflect market averages for positions with similar qualifications and duties. Some jobs are going to be graded higher than others not because they are valued more but due to factors such as education and experience requirements or specialized skillsets. Everyone at this institution is valued- otherwise our positions wouldn't exist.

### **Aren't our lowest grades way too low to pay someone?**

Our minimum starting rate at USM is \$11.50, which is well above the federal/state minimum wage requirements of \$7.25. No staff at USM works a "minimum wage" job. All grades have been assigned using market data to identify the appropriate rates. At this time, the ranges for each position are consistent with the external labor market.

### **Were these guidelines implemented to stop giving people increases?**

No. The guidelines were developed to give us a process and consistency for determining pay rates and making pay changes. External alignment allows us to feel confident that our pay is competitive while also ensuring that we are being fiscally responsible. Internal alignment is both a legal obligation as well as an ethical one to ensure that we are being fair and consistent with our decision making.

### **Why was my position changed from exempt to non-exempt (or vice versa)?**

The decision to pay salaried (exempt) vs hourly (non-exempt) is dictated by a federal law called the Fair Labor Standards Act (FLSA). The FLSA outlines the conditions that must be met in order for us to legally be able to pay someone on a salary basis (because otherwise we are mandated to pay both minimum wage and overtime). When positions were evaluated for a grade, an FLSA review was also conducted. Once we identify that a job does not meet the exemption from FLSA, we are legally obligated to immediately remedy the situation. While most employees prefer being paid salaried instead of hourly, the law is intended to protect and benefit you.

## **Disputes/Grievances**

### **I don't agree with how my position was graded, what can I do?**

You may speak to your supervisor. All position grades have been thoroughly vetted; however, if your supervisor feels strongly that a mistake has been made, they may escalate that request to the Department Head who can submit a request to UHR for a new job description review. UHR will conduct job description reviews only when requested by a Department Head.

### **I don't think my job description fully captures my role, what should I do?**

You may speak to your supervisor. Job descriptions are managed by the departments.

### **What if I believe there is a discriminatory aspect to my pay?**

You should discuss with your supervisor or contact our [Office of AA/EEO](#).