Administrative Guidelines for the Exempt Staff Pay Program

In Support of Policy 420.15 UMUC

Overview

University of Maryland University College has adopted a market-based pay program for its Exempt positions. The program covers executive, administrative, professional, outside sales and computer employees who are categorized as Exempt under the Federal Fair Labors Standards Act (FLSA). Faculty members are covered under a separate policy.

The Exempt Pay Program is market-based and is intended to support the university’s competitive position in recruiting and retaining high caliber employees through flexible salary administration policies and procedures.

Assignment of Jobs into the Exempt Pay Structure

Exempt jobs shall be placed into a pay grade based on a review of each job’s essential duties and responsibilities, required credentials, defined market value and its relative position within the institutions organizational structure.

The Exempt Pay Structure may be periodically adjusted to reflect market variances, as necessary.

The Role of the Manager Under Policy 420.15

In making salary decisions the responsible manager, in consultation with the Office of Human Resources, has a responsibility to determine a fair and competitive salary that recognizes both the forces of the external labor market as well as internal equity, as appropriate.

Pay Grades

Each job is assigned to a specific pay grade in the Exempt Pay Structure. The grade represents a target pay Range for the job, i.e. where we would expect to see salaries cluster for the job within the Range.

- Compa Ratio
  - The relationship of an employee's salary to the midpoint of the respective pay grade.
  - The compa ratio, expressed as a percentile, is calculated by dividing the employee's salary by the midpoint of the respective pay grade.
- Pay Grade Minimum
  - The lowest rate UMUC would pay for a particular job.
  - Salaries assigned to inexperienced hires would typically fall between the minimum and the 25% point of the pay grade.
  - Salaries assigned to experienced hires would typically fall between the 25% and 50% point.
- Pay Grade Midpoint
  - Also known as the 50th percentile, it generally reflects the typical or average current external market rate for representative jobs in the salary category.
• Pay Grade Maximum
  o The highest rate UMUC would pay for jobs assigned to the pay grade.
  o Salaries assigned to experienced hires with highly specialized skills would typically fall between the midpoint and maximum.

Administering Pay

Merit Adjustments - Merit adjustments are changes to an employee's base pay rate based on performance. Factors considered in determining merit-based wage adjustments include:

1. The employee’s performance as rated in the annual performance appraisal
2. The employee’s Compa Ratio (salary as a percentage of midpoint of the pay grade)
3. Other salary increases the employee may have received during the performance cycle
4. Overall budget available for merit increases

Annual merit-based wage and salary adjustments shall not be based on length of service or general wage inflation. Merit adjustments are usually determined during the annual salary adjustment process based on overall guidelines established by the USM Chancellor and/or the UMUC President.

Promotional Increases - Promotional increases are changes to an employee's base pay rate to recognize assignment of the employee to a higher level of responsibility and/or a different type of work which results in a change to a higher pay grade. Promotional increases shall be determined using the market analysis in combination with an internal equity analysis, as applicable, and must bring the employee’s salary to at least the minimum pay of the appropriate pay grade.

Reclassification – occur when significant and substantial changes in a position’s primary duties have either evolved, occurred through a structured change crucial to the mission and/or organizational effectiveness of a department, or are the result of a job and market evaluation. A reclassification may cause the pay grade assignment of a position to be reduced, elevated, or remain at the same level. A position may or may not have an incumbent at the time of the reclassification.

Adjustments to an employee’s base pay rate may occur as the result of a position reclassification without competitive recruitment. Reclassification pay changes shall be determined using the market analysis in combination with an internal equity analysis and must bring the employee’s salary to at least the minimum pay of the appropriate pay grade.

Reductions in Pay as the Result of Demotion - A demotion occurs when an employee is assigned to a job which is in a pay grade lower than the one to which the employee’s current job is assigned. Demotions may result in a lower rate of pay. In consultation with the Office of Human Resources, the specific pay rate shall be determined using the market analysis in combination with an internal equity analysis and must bring the employee’s salary to at least the minimum pay of the appropriate pay grade.

In-Line Adjustments – An adjustment may be initiated at any time to address specific cases of salary inequity, incorrect slotting, or other salary equity problems identified by management. Special salary adjustments (when permitted under the Chancellor’s annual guidelines) shall be approved by the department administrator, the Vice President and Chief Human Resources Officer and the UMUC President (when required).
Lateral Transfer - A lateral transfer occurs when an employee is reassigned to or applies for and receives a position that is in the same pay grade as his/her current position. When such a situation occurs, there is rarely a change in salary, however, an analysis will be performed to consider external market pay and internal equity, as applicable, within a department.

Acting Assignment – In order to meet urgent business needs, it may be necessary to appoint an Exempt employee to an acting capacity assignment.

Designating an employee to an acting capacity status is justified only when time or circumstances do not permit the immediate selection of a permanent appointment under the established selection and appointment procedures for Exempt staff.

An employee in an acting capacity shall meet the minimum academic and professional qualifications for the position to which s/he will be assigned.

Management may recommend a salary increase if the acting assignment is at a higher level than the current role. The amount of any increase will be determined using the job’s market analysis and internal equity analysis and must bring the employee’s salary to at least the minimum of the appropriate pay grade.

Acting assignments should not exceed 12 months in duration. At the conclusion of the acting assignment, the salary will be returned to the original rate prior to the acting increase.

Sequence of Simultaneous Adjustments – When more than one salary adjustment is scheduled to occur with the same effective date, the sequence of adjustments shall be as follows: adjustment to pay grade minimum, COLA, merit increase, promotion increase, equity adjustment.

Procedures

1. The department manager or designee shall submit the Employee Transaction Form (ETF) through the HR Business Center Portal on the Human Resources page of Engage. All changes involving pay rates must have a President’s Cabinet Member/VP signature on the submission.
2. The department manager will be responsible for ensuring that there are sufficient funds available in the budget to cover the cost associated with any increase.
3. Salary changes will be reviewed and approved by the Vice President & Chief Human Resources Officer or designee.
4. Increases outside of guidelines or involving use of investment funds will require additional levels of approval.
5. Salary actions will be effective the first day of the pay period following the appropriate approvals. Retroactive adjustments may only be approved by the Vice President and Chief Human Resources Officer or designee for extenuating circumstances and shall be accompanied by justification for the delay in the action.

Records

The signed original document initiating any job classification or salary-related action becomes part of the employee's personnel file. Written notification of the change should be provided to the employee.
Responsibilities & Authority

The Vice President and Chief Human Resources Officer or designee is responsible for the content and communication of this policy and associated Guidelines. The Vice President and Chief Human Resources Officer shall identify his/her designee(s) as appropriate for this policy. Officers are responsible for ensuring equitable administration of salaries within the requirements of this policy. Managers and supervisors are responsible for administering salaries consistent with applicable direction, policies, procedures, and/or guidelines received from their Officer, USM and/or UMUC. All salary administration policies and guidelines are subject to applicable legislation and the USM Chancellor’s Guidelines.