



# UW–Madison Salary Administration Guidelines<sup>1</sup>

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## CONTENTS

1. Introduction .....	2
2. Key Terms.....	3
3. Program Governance.....	8
4. Managing Salaries within the Grade.....	10
5. Administrative Guidelines .....	13

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<sup>1</sup> Please note that this is an internal document that is subject to change. It does not constitute a contractual commitment and may be unilaterally modified or rescinded at will by the Chancellor of UW—Madison or their designee.

# 1

## INTRODUCTION

This document describes the guidelines for administering salaries at the University of Wisconsin—Madison. These guidelines are to ensure consistency in how salary decisions are determined across the university and to provide flexibility in salary adjustments based on circumstances.

The university intends to administer salaries consistently through use of these guidelines. However, it reserves the right to modify any of the guidelines described in this document without prior notice. These guidelines do not constitute a contract or guarantee of employment.

Diversity is a source of strength, creativity and innovation for the university. We value the contributions of each person and respect the profound ways their identity, culture, background, experience, status, abilities, and opinion enrich the university community. We commit ourselves to the pursuit of excellence in teaching, research, outreach, and diversity as inextricably linked goals.

For more information on diversity and inclusion on campus visit [diversity.wisc.edu](https://diversity.wisc.edu).

# 2

## KEY TERMS

Term	Definition
Base Pay	Fixed compensation an employee receives in exchange for services. Examples are salary, hourly rate, and piece rate.
Benchmark Job	A job whose major responsibilities and requirements are common in the market. These jobs are typically included in salary surveys and have reliable market data readily available year after year.
Business Title	A title that provides more description to the Title of Record by providing detail about the specifics of an individual position within the organization or the type of work performed (e.g. Working Title).
Compa-Ratio	<p>A mathematical, comparative (“compa”) ratio that expresses how an employee’s pay rate compares to the midpoint of their range or market:</p> <p>Compa-ratio = pay rate/range midpoint. It is expressed as a percentage or decimal.</p> <p>A compa-ratio of 100% or 1.00 means an employee is paid at or 100%-matched to midpoint. Values above 100% or 1.00 mean an employee is paid above midpoint; values below 100% or 1.00 mean an employee is paid below midpoint.</p>
Compensable Factors	Factors such as skills, licenses, certifications, years of experience, educational requirements, working conditions, management responsibilities that can influence how a job is paid.
Compensation	The money received by an employee from an employer in exchange for services.
Compensation Philosophy	A statement of what the organization believes how employees should be paid. It should support the business strategy and be a good fit with the organization’s culture.
Compensation Strategy	Description of how the organization will carry out its vision, mission, and business strategy through employee compensation. Compensation strategy guides the design, implementation and administration of a compensation program which includes pay and benefits.
Compression	The state where there is little difference in salary between employees who have distinct differences in their respective knowledge, skills, experience, abilities, and/or reporting structures or organizational structure stance.
Demotion	The movement of an employee into a job that is assigned to a lower salary grade than the employee’s current job.
Equity/Pay Equity	The practice of ensuring employees performing similar duties (in similar work environments) are paid fairly for similar work performed, but taking into account

	market and job-related factors such as performance, education, work experience, seniority, etc. Please see the <a href="#">Equal Pay Act of 1963</a> and <a href="#">Title VII of the Civil Rights Act of 1964</a> for more information.
Exempt	The term that refers to jobs that are not covered by the Fair Labor Standards Act (FLSA) (i.e., “exempted” from the law). Exempt employees are paid a set salary for defined responsibilities and are expected to fulfill the duties of their jobs regardless of hours work required. Incumbents in exempt jobs are not eligible to receive overtime compensation.
Fair Labor Standards Act (FLSA)	A federal law that sets the minimum wage as well as other work rules, and guaranteed overtime pay for work beyond 40 hours a week for jobs covered by the law. The law includes specific “tests” to determine whether a job will be covered by the law (“non-exempt”) or not covered (“exempt”). These tests consider job duties, not characteristics of the incumbent (such as education, experience, skills, or performance).
Hourly Rate	Compensation determined at a fixed rate per hours worked. (An employee’s annual pay is not fixed, but dependent on the number of hours worked during the course of the year.)
Institution or “Inst” Job	A job that has primary responsibilities that impact the majority or the entirety of the institution and/or UW System or has significantly larger scope than the school/college/division in which it resides, and typically contains “(Inst)” in the job title or mentions “ <i>institution</i> ” or “ <i>enterprise</i> ” in a standard job description.  These jobs are typically found in centralized work units (ex: Office of Administration, Office of Human Resources, Office of Legal Affairs, General Services, Business Services, etc.), but may be found in school/college/divisions depending on the breadth of responsibility, scope, and impact.
Job Classification	The process of reviewing a job based on an objective analysis of its duties, knowledge, skills, and industry or field then assigning it to an organization’s job framework.
Job Framework	An organization of jobs at UW–Madison into job groups and job sub-groups.
Job Group & Job Sub-group	A job group and sub-group is an overall grouping of jobs where work performed is of similar nature.
Job Levels	Variations in the degree of jobs such as the differences between the entry, intermediate and senior level, based on differences in scope, organization impact, complexity of work, independence and supervision, and/or management responsibilities.
Job Reclassification	The assignment of a job to a different salary grade within the salary structure based on a change in market value (external) or change in job duties (internal).
Job Title	A title assigned to a job that describes the job’s roles and responsibilities at the university. Job titles should be descriptive of the work and consistent with general market practices.

Lateral Move	The movement of an employee into a job that is assigned to the same salary grade as the employee's current job.
Market Position	An organization's stance on employee pay relative to market.  The university strives to set all eligible employees' salaries to approximate a <i>market competitive range</i> – defined as +/- 15% of midpoint, which results in a range of 85%–115% compa-ratio or 25%–75% PIR.
Merit Pay	A performance increase where an employee is rewarded for sustained work performance with a permanent salary increase as part of a formalized pay for performance program.
Midpoint	Sum of the range minimum and maximum, divided by 2.
Non-Benchmark Job	A job that is either not common in the market or that is not included in salary surveys. Jobs that have been tailored to meet specific needs of the institution or a department, or to align with the expertise of an individual are example of non-benchmark jobs.
Non-Exempt	Refers to jobs that are covered by the FLSA (i.e., “not exempted” from the law) and are subject to its provisions. Employees are required to account for time worked on an hourly and fractional hourly basis and are paid for overtime hours.
Parity/Pay Parity	The practice of ensuring appropriate salary relationships are maintained for employees within the same job title or related job titles as imbalances or issues may arise with new hires and differences in pay practices across work units.
Pay Differential	The difference between two employees' salaries.  $\text{Pay differential} = (\text{higher paid employee's salary} - \text{lower paid employee's salary}) / \text{lower paid employee's salary}$
Pay for Performance	A pay approach where an employee may receive an increase to their salary based on job performance. It should be based on measurable, equitable, fair, and reasonable objectives that have been thoroughly explained to the employee in advance and measured with a valid and reliable evaluation tool by a trained manager.
Percentile	Point on a rank-ordered scale found by arranging a group of data points in ascending order.
Position Description	A description of a specific job as it relates to an employee (i.e., position), which is based primarily on a standard job description. Position descriptions are used for many purposes including recruitment and performance evaluation.
Position in Range (PIR)	A mathematical calculation that expresses how an employee's pay compares to the pay range and how far into a pay range an employee's pay stands.  $\text{PIR} = (\text{Pay Rate} - \text{Range Minimum}) \div (\text{Range Maximum} - \text{Range Minimum})$

	A range penetration of 0% means an employee is paid at range minimum; a range penetration of 50% means an employee is halfway through the range—at midpoint; a range penetration of 100% means an employee is paid at range maximum.
Progression	Advancement within a salary grade due to performance, changes in responsibilities without a change in title, increased knowledge, skills, abilities, years of experience, certifications/licenses/degrees, and/or other elements that add value to an employee’s ability to perform his/her job and ability to impact his/her department, division, and/or institution.
Promotion	The movement of an employee into a job that is assigned to a higher salary grade than the employee’s current job due to the acceptance of a higher set of job responsibilities
Salary	Fixed, regular payment, typically on a biweekly or monthly basis.
Salary Administration Guidelines	Guidelines that ensure that salaries and pay adjustments are determined by using a consistent approach across the University and are aligned with the compensation program’s design and intent.
Salary Grade	The building blocks of a salary structure. Each salary grade has a range (minimum and maximum values). Jobs in the same salary grade have similar levels of market value, organizational impact, scope, complexity, independence and supervision, management responsibilities, etc.
Salary Range	The lower and upper limits of compensation of a job, which include minimum, midpoint, and maximum values.
Salary Structure	A hierarchical grouping of jobs and salary ranges within an organization. Salary structures are often expressed as salary grades that reflect the value of a job in the external market and/or the internal value to an organization.
Standard Job Description	A general set of responsibilities, without regard to any specific employee, that describes work performed, and role and impact to the organization. Standard job descriptions are primarily used for market pricing and salary structure design and maintenance.
Title Change	The assignment of a filled position to a different Standard Job Description and Title based upon an evolution of the duties or responsibilities of a position such that the duties performed are better described by a new title.
Title of Record	An employee’s official job title. It is the title associated with the employee’s standard job description.
Total Cash Compensation	The combination of an employee’s base pay and any variable pay they might receive including bonuses and other lump sums payments but does not include travel reimbursements, tuition reimbursements, or the quantified value of benefits.

Variable Pay	Compensation paid to an employee based on various metrics the employee and/or a group of employees are measured against which are communicated with employees in advance.
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# 3

## PROGRAM GOVERNANCE

### Roles and Responsibilities

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**University Leadership**

(Chancellor, Vice  
Chancellors, Deans &  
Directors)

- Endorse the compensation program including the creation and updating of all program components (compensation philosophy, job framework, policies and guidelines, etc.), and model appropriate salary-decision making.
- Hold direct reports accountable for administering salaries within the compensation program design and guidelines in their areas of responsibility.
- Promote the compensation program to employees as an important and effective component of a well-run institution.

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**Office of Human  
Resources (OHR)**

- Facilitate the development and maintenance of the compensation philosophy, job framework, salary structure, and administrative guidelines.
- Provide information and advice on market practices, trends, and analysis to leadership, human resources personnel, and managers.
- Collect and analyze market salary data and participate in appropriate compensation surveys.
- Inform and educate leaders, managers, and employees about compensation principles and best practices.
- Monitor salary practices for legal compliance.

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**School/College/Division  
Human Resources**

- Maintain knowledge and understanding of the compensation program, and how it impacts staff in their areas of responsibility.
  - Administer the compensation program within the school, college or division.
  - Inform and educate leaders, managers, and employees about compensation principles, best practices, and salary grade placement administration.
  - Monitor compensation practices for legal and policy compliance.
  - Collect and analyze market salary data and participate in appropriate compensation surveys.
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**Managers & Supervisors**

- Support the compensation program and follow its guidelines when making salary decisions.
  - Maintain current position descriptions in your area of responsibility.
  - Consult with human resources (HR) to ensure alignment of salary with program guidelines.
  - Communicate positively with staff to inform them on the compensation program and how it affects them.
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# 4

## MANAGING SALARIES WITHIN THE GRADE

Salary grades reflect both internal and external considerations. The job framework organizes jobs into groups/sub-groups and levels based on responsibilities within the university. The salary structure provides the alignment to the market.

Salary grades are wide enough to accommodate a variety of experience and performance levels, from novice to expert, while maintaining market-relevance. Employees can expect to be paid within their salary grades<sup>2</sup>. No one should be paid below the minimum or above the maximum of their salary grade<sup>2</sup>.

An important principle of the program is the appropriate placement of salaries in the salary grades and managing salaries based on several factors, including employee knowledge, skills, performance, experience, and education/certification/licenses. Managing salaries within the salary grade also includes monitoring and auditing salary adjustments, annual reports, and pay adjustment processing. Consistently following this principle helps to ensure that salaries are competitive as well as equitable.

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<sup>2</sup> Subject to Chancellor, Vice Chancellor or designee decision. When implementing new and/or updating a compensation program, compensation strategy and philosophy, and salary structure(s), under minimum and over maximum situations may occur.

## Salary Grade Quartiles

	First Quartile	Second Quartile	Third Quartile	Fourth Quartile
<b>Typical Employee Characteristics</b>	<ul style="list-style-type: none"> <li>• Building both job knowledge and skills as well as the ability to handle the full breadth of job duties and responsibilities</li> <li>• Employee is working towards proficiency in the job</li> </ul>	<ul style="list-style-type: none"> <li>• Possesses all/most of the knowledge and skill requirements, but may need to build upon them through experience</li> <li>• Performs job responsibilities with increasing effectiveness</li> <li>• May still be learning some aspects of the job or developing expertise to handle the job more independently and effectively</li> </ul>	<ul style="list-style-type: none"> <li>• Has significant relevant experience and possesses all required knowledge and skills</li> <li>• Seasoned and proficient; consistently exhibits sustained high-level of proficiency in all aspects of job over an extended period of time</li> <li>• Has broad and deep knowledge of own area as well as related areas</li> </ul>	<ul style="list-style-type: none"> <li>• Expert in all job requirements; depth and breadth of experience, specialized skills, adds significant value to the University</li> <li>• Serves as an expert resource and/or role model/mentor to others</li> <li>• Represents a premium on market salaries; typically reserved for an employee with exceptional expertise or who has consistently demonstrated the highest levels of sustained contribution</li> </ul>
<b>Hiring Guidelines</b>	<ul style="list-style-type: none"> <li>• Typical zone for starting salary for an individual with little/or no experience in the job and who is on a steep learning curve</li> </ul>	<ul style="list-style-type: none"> <li>• Typical zone for starting salary for an individual experienced in most job responsibilities</li> </ul>	<ul style="list-style-type: none"> <li>• Unlikely to be a typical zone for starting salary except for individuals with extensive direct job experience</li> </ul>	<ul style="list-style-type: none"> <li>• Rarely appropriate as a zone for a starting salary</li> </ul>

Compa-ratio and position in range (PIR) can be useful calculations to managing salaries within the salary grades. When analyzing compa-ratio and PIR, the table below defines the three salary grade position references made throughout these guidelines:

	<b><i>Emerging in Grade</i></b>	<b><i>Established in Grade</i></b>	<b><i>Advanced in Grade</i></b>
<b>Salary Grade Position References</b>	Compa-Ratio Less than 85%  <b>OR</b>  PIR Less than 25%	Compa-Ratio Between 85%-115%  <b>OR</b>  PIR Between 25% and 75%	Compa-Ratio Greater than 115%  <b>OR</b>  PIR Greater than 75%

# 5

## ADMINISTRATIVE GUIDELINES

The following are guidelines to help ensure competitive and balanced salaries across the university. Guidelines related to salaries are separated into three sections. Each section is linked through this document:

### Salary Upon Hire/Placement

- [Starting Salaries – New Hires](#)
- [Promotions](#)
- [Demotions](#)
- [Lateral Movements](#)
- [Interim Appointments](#)

### Salary as a Result of Job Changes

- [Permanent Changes to a Job](#)
- [Temporary Changes to Job Duties](#)

### Salary Adjustments

- [Performance Adjustments](#)
- [Parity Adjustments](#)
- [Equity Adjustments](#)
- [Market Adjustments](#)
- [Pay Plan Adjustments](#)

### Bonus and Lump Sum Payments

- [Performance Bonus](#)
- [Retention Bonus](#)
- [Hiring Bonus](#)

## SALARY UPON HIRE/PLACEMENT

### STARTING SALARIES – NEW HIRES

An employee that is new to the university should have a starting salary positioned appropriately within the salary grade to ensure market competitiveness and parity. Multiple factors should be considered when determining a starting salary such as the candidate's knowledge, skills, experience, and education/certification/licenses. This information should be compared to current incumbents in the same job title (or who perform comparable job duties) within the immediate work area, department, and division (i.e., consider the salaries, performance, knowledge, skills, experience, and education/certification/licenses of those incumbents).

## PROMOTIONS

A promotion is the movement of an existing employee into a job that is assigned to a higher salary grade than the employee's current job. Such a move generally warrants an increase in salary to recognize the higher-level responsibilities and to ensure that the salary of the new job is consistent with the market and internal parity. An exception may occur if the employee's current salary is very high in the new job's grade.

School, college, or division HR units will work with managers to determine an appropriate salary upon promotion. Circumstances may vary as each employee has a different salary history. It is important to consider multiple factors along with the incumbent's current salary in the new salary grade (when applicable):

- Degree of increase in responsibilities
- Demonstrated, sustained performance, knowledge, skills, and experience
- Current salary in relation to the new salary grade
- Salaries of other similarly situated employees

The goal is to start the employee at the most appropriate point in the salary grade for the new job rather than apply a uniform promotional increase in all circumstances. However, a general guideline for promotional increases is 5-10% per salary grade.

## DEMOTIONS

A demotion occurs when an employee moves into a job in a lower salary grade. This move can be voluntary or involuntary. Typically, this would involve a decrease in salary. The new salary must be within the new salary grade's range. When determining the new salary consider the employee's knowledge, skills, and experience and how they compare to that of other employees in similar jobs and their salaries.

## LATERAL MOVEMENTS

A lateral movement occurs when a current employee moves into a job that is assigned to the same salary grade as their previous position. This new job may be in the same Standard Job Description or a different Standard Job Description within the same salary grade.

Recruitment best practices related to pay transparency indicates it is inappropriate to ask a candidate their current rate of pay, therefore this information may not be readily available. Not knowing the candidate's salary history removes the potential for employers to use their power differential in the salary negotiation process, mitigating the candidate's prior potential pay inequity and returning the emphasis to the responsibilities the candidate will fulfill as the basis for determining pay.

We recommend referring to Managing Salaries within the grade section, in Section 4 of this document, and the SAG training series outlining Salary Upon Hire.

If a salary adjustment is recommended, it must be reviewed by the school, college, or division HR unit and take into consideration:

- Degree of change in responsibilities

- Demonstrated, sustained performance, knowledge, skills, and experience
- Salaries of other similarly situated employees
- Market conditions in relationship to the new role
- Retention concerns due to specialized skill set

### INTERIM APPOINTMENTS

It may be necessary for employees to assume a different role for a temporary period of time (e.g. Department Chair, filling in for a vacant position). Managers/supervisors should consult with school, college, or division HR representatives when there is a need to fill a position on an interim basis. All interim appointments must have an end date which can be extended. The compensation for the interim appointment should be determined using multiple factors such as the candidate's knowledge, skills, experience, and education/certification/licenses along with the salaries of current incumbents in similar jobs within the immediate work area, department, and division. During this period, the individual may be eligible to receive pay adjustments or lump sum payments.

## SALARY AS A RESULT OF JOB CHANGES

### PERMANENT CHANGES TO A JOB

Job responsibilities and requirements may evolve over time to meet the university's changing needs. However, there may be times when there are significant, permanent changes to the responsibilities of a job due to reorganization, new initiatives, etc. In some cases, a title change to a different job title may be appropriate; in other cases, an increase to the employee's salary without a title change may be appropriate (i.e., a change in duties pay adjustment).

Examples of significant job changes that warrant a review of the title and/or salary include:

- Additional responsibilities are different from the existing responsibilities and require considerable training/study to learn
- The level of accountability has changed significantly such as significant changes to budget responsibility, additional people management responsibilities, etc.

Examples of changes that do not warrant a change in title or salary include:

- Use of different tools to handle the same responsibilities—most common would be the introduction of technology to handle current manual processes or updates to existing technology
- Similar responsibilities being added or exchanged for existing responsibilities
- Increasing or decreasing volume of work but the complexity, scope, and/or impact of the work does not change

- Attainment of a degree or other educational milestone, unless this results in changes to the job, level of authority, scope of responsibility, etc.

Managers should consult with school, college, or divisional HR units if they believe there is a significant change to a job’s responsibilities that may warrant a review. This should be done prior to any conversations with the employee. The manager’s request should include a revised position description which highlights the key changes to the existing job. The school, college, or division HR unit will review the changes and provide guidance on the appropriate course of action.

### TEMPORARY CHANGES TO JOB DUTIES

It may be necessary for employees to assume additional and/or different responsibilities for a temporary period, typically no less than 90 and no more than 180 calendar days. Managers/supervisors should consult with their school, college, or divisional HR units when there is a temporary change that requires consideration of compensation. In some circumstances, a temporary change in salary may be warranted depending upon the magnitude of the change.

Temporary responsibilities must be significant, clearly defined additions of responsibilities compared to the employee’s normal job responsibilities. During this period, the individual may be eligible to receive additional compensation. The amount of additional compensation will depend upon the degree of complexity and/or market value of the additional duties. Changes in the volume of work within an employee’s job do not warrant a salary adjustment.

## SALARY ADJUSTMENTS

### PERFORMANCE ADJUSTMENTS

Performance adjustments refer to a salary increase due to notable and sustained performance that meets or exceeds job standards. When part of a formalized pay-for-performance pay program, performance adjustments are commonly referred to as *merit pay increases*.

The frequency and amount of performance adjustments may vary across campus, but campus policy related to performance adjustments must be adhered to. According to best practices you should use multiple factors when assessing an appropriate performance base adjustment amount, generally, a performance adjustment of 5-10% may be appropriate. The guidelines below demonstrate how to determine appropriate performance adjustment amounts, assuming an annual performance review is performed. Generally, as a rule, when approaching all pay adjustments, consider parity and the division’s approach to salary distribution:

<i>Performance</i>	<i>Emerging in Grade</i>	<i>Established in Grade</i>	<i>Advanced in Grade</i>
<i>Exemplary</i>	4-6%	3-5%	1-3%

<b>Meets Expectations</b>	3-5%	2-4%	0-2%
<b>Needs Improvement</b>	0%	0%	0%

### PARITY ADJUSTMENT

Each school, college, and division has a responsibility to assure that salary relationships are appropriate and parity is maintained as follows:

- Balanced salary relationships should be maintained for staff within the same job title or who perform comparable job duties, taking into consideration distinguishing factors such as performance, knowledge, skills, experience, and education/certification/licenses.
- School, college, or divisional salary programs should consider the distribution of an employee's pay and performance and incorporate appropriate recognition of the needs of the lowest paid employee. School, college, and division HR representatives should consult with OHR for advice on various strategies.

In the above situation where imbalances may exist, a parity or compression adjustment may be provided to rectify the situation.

### COMPRESSION

Compression exists when there is little difference in salary between employees who have distinct differences in their respective knowledge, skills, experience, abilities, and/or reporting structures or organizational structure stance.

Although there are different opinions on the exact pay differentials that should be used to identify compression situations among compensation professionals, we suggest the following as guidelines; consultation with OHR is recommended:

<b>Non-Exempt, Clerical, Technical, or Production Jobs</b>	<p>At least 5% difference in pay when:</p> <p>a) There are distinct differences between employees in the same or similar job titles (or who perform comparable job duties) in respect to their knowledge, skills, experience, and abilities.</p> <p>Ex. The salary of a Student Activities Coordinator with 3 years of experience compared to that of a Student Activities Coordinator with 8 years of experience, assuming at least satisfactory performance for both employees.</p>
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	<p>b) There are distinct differences between employees in jobs within a title series, in respect to their knowledge, skills, experience, and abilities.</p> <p>Ex. The salary of an Administrative Assistant I compared to that of an Administrative Assistant II, assuming at least satisfactory performance for both employees.</p>
<b>Exempt, Professional Jobs</b>	<p>At least 8% difference in pay when:</p> <p>a) There are distinct differences between employees in the same or similar job titles (or who perform comparable job duties) in respect to their knowledge, skills, experience, and abilities.</p> <p>Ex. The salary of a Development Specialist with 3 years of experience compared to that of a Development Specialist with 8 years of experience, assuming at least satisfactory performance for both employees.</p> <p>b) There are distinct differences between employees in jobs within a title series, in respect to their knowledge, skills, experience, and abilities.</p> <p>Ex. The salary of a Project Manager I compared to that of a Project Manager II, assuming at least satisfactory performance for both employees.</p>
<b>Supervisors or Managers and Subordinates</b>	<p>At least 15% difference in pay between supervisors or managers and their non-managing subordinates. Assumes at least satisfactory performance, and market data supports differences in pay.</p> <p>Ex. The salary of a Creative Director compared to that of a Graphic Designer that reports to them, assuming at least satisfactory performance for both employees.</p>
<b>Directors or Managers and Subordinate Directors or Managers</b>	<p>At least 20% difference in pay between directors or managers and their subordinate directors or managers. Assumes at least satisfactory performance, and market data supports differences in pay.</p> <p>Ex. The salary of a Career Services Director compared to that of a Career Services Associate Director that reports</p>

	to them, assuming at least satisfactory performance for both employees.
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Please note that while following the guidelines specified in this document should help to prevent parity and compression issues, if any issues or questions arise, school, college, or division HR units should consult with OHR for advice on strategies.

### EQUITY ADJUSTMENT

Each school, college, and division HR unit have a responsibility to assure that equitable salary relationships are created and sustained. They also have responsibility to ensure that appropriate documentation for salary inquires and movements are maintained within their area. Vigilance should be exercised to ensure that salary differences and pay decisions are neutral regarding race, color, sex, national origin, age, disability, and/or veteran status which are protected by state and federal law. In those instances where inequities may exist in these protected categories, an equity adjustment may be provided to rectify the situation.

School, college, and division HR should work with OHR to develop strategies and processes for doing an equity assessment.

### MARKET ADJUSTMENTS

The salary structure will be maintained to reflect the overall market movement; but occasionally, unusual market circumstances may warrant targeted adjustments within the salary structure. At times, it may be necessary to adjust salaries, or even reclassify a job, to recognize significant market changes in a job-specific industry. In addition, with market changes and external recruitment considerations, a market-retention adjustment may be necessary to retain high-performing employees.

The university’s model market position (see *Key Terms*) is a competitive range of +/-15% of the salary grade or market midpoint which is 85%–115% compa-ratio or 25%–75% PIR. Using approved, appropriate market data, if the resulting compa-ratio and PIR calculations result in a lower value than the market competitive range (i.e., less than 85% compa-ratio or 25% PIR), a market competitive pay request can be made for OHR to review and approve.

Example: Scientist Badger<sup>3</sup> has more than 6 years of experience in their current position and is a satisfactory performer. When using viable market data and creating a market-informed salary range, Scientist Badger’s compa-ratio is less than 85% and has a PIR that is less than 25%. This would be a potential market issue that the school, college, or division HR unit may seek to resolve by submitting a market-adjustment request, while considering other factors such as the employee’s performance, years in the job, education/certification/licenses, etc. Other employees in the same department should be reviewed in case there is a parity or larger issue of paying below the market. The reasoning such as budget and/or grant considerations should also be identified.

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<sup>3</sup> Please note that scientists are out of scope for the new TTC salary structure.

## PAY PLAN ADJUSTMENTS

Pay plan adjustments are the Legislature's Joint Committee on Employment Relations (JCOER) approved compensation adjustments. These adjustments are provided in accordance with the guidelines outlined by JCOER.

## BONUS AND LUMP SUM PAYMENTS

Bonuses and lump sum payments are types of variable pay that are traditionally one-time monetary payments that an employee receives which raise an employee's total cash compensation (but not salary or base pay). Typical reasons for these payments are performance, retention, and hiring bonus.

### PERFORMANCE BONUS

This bonus can be awarded upon an employee's successful completion of an assignment and/or project, and/or above-and-beyond sustained performance. This type of bonus award recognizes and rewards achievements or accomplishments that contribute to the overall objectives of the department, division, and/or university. Below are guidelines on how to determine appropriate performance bonus amounts as a percent of salary:

<b>Level</b>	<b>Description</b>	<b>Amount</b>
<b>1</b>	This is the first level to recognize outstanding work on a project, task, or activity, including excellent support of day-to-day business operations/processes and/or customer service; impacts one's team up to division/department-level.	<b>1.0 &lt; 4.0% bonus</b>
<b>2</b>	This is the second level to recognize sustained, outstanding achievement and/or contribution above and beyond standard job requirements which lead to improvements in day-to-day business operations/processes and/or customer service; impacts one's department up to division-level.	<b>4.0 &lt; 7.0% bonus</b>
<b>3</b>	This is the third and highest level to recognize an exemplary and extraordinary achievement and/or contribution that required maximum effort that significantly impacted day-to-day business operations/processes and/or customer service, <i>which is not likely to repeat itself every fiscal year</i> ; impacts division up to campus-level.	<b>7.0 &lt;= 10.0% bonus</b>

## RETENTION BONUS

This bonus can be awarded, when necessary, to retain a valuable employee (i.e., specialized skill set, consistently outstanding performer, etc.) when increasing the employee's salary is not advised due to parity, range consideration, etc. The size and the arrangement of the bonus should be evaluated independently between the school, college, or division HR unit and the manager based upon business needs and resources of the department or division.

## HIRING BONUS

This bonus can be awarded when certain positions qualify for a hiring bonus payment upon hire. School, college, or division HR units are to determine how critical it is to secure the finalist, or how difficult it will be to recruit another qualified candidate. They then determine if an initial expense lump sum payment is a viable option to utilize. The hiring bonus amount can be up to 15% of the proposed starting salary.

## REFERRAL BONUS

This bonus is awarded when an eligible employee refers a candidate(s) to a hard-to-fill recruitment and the candidate is hired. The referral payment is paid as a one-time lump-sum payment. The referring employee has no obligation for repayment should the hired employee separate employment from the university at any time.