



**SALARY ADMINISTRATION PROGRAM**

**POLICY AND PROCEDURE MANUAL**

November 2014

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## **DISCLAIMER**

This Manual is meant to provide a guideline for policies and procedures for an effective, easy to administer, and objective Salary Administration Program, based on sound Human Resources practices. The Program has been customized to reflect Centenary University's culture, reporting relationships, administrative workflow, etc.

## **1.0 PURPOSE AND POLICY**

### **1.1 PURPOSE**

This manual is designed to assist management in understanding and using Centenary University's Salary Administration Program.

### **1.2 POLICY**

It is the policy of the University to develop and implement a fair, consistent, and competitive Salary Administration Program ("the Program") so as to attract, motivate, and retain qualified employees. The Program is specifically designed to compensate employees on the basis of their performance, consistent with the University's business needs and financial capabilities.

The University will administer its compensation programs without regard to gender, age, race, color, religion, creed, national origin, disability, or any other protected group or status. The University will conduct all business in a moral and ethical fashion, and maintain the highest levels of personal conduct and professional standards. The University will adhere to all federal and state laws and regulations regarding job classification, amount of pay, and equitable compensatory treatment of employees.

### **1.3 APPLICATION**

This Program applies to all regular full-time and part-time employees of the University and its departments, and will take the place of prior policies and procedures on salaries and compensation. This Program does not apply to on-call or independent contractors, consultants/special assignments, or employees with a temporary per diem status.

## **2.0 RESPONSIBILITY FOR ADMINISTRATION**

In order to achieve an effective and consistent Salary Administration Program, specific responsibility and authority are assigned as follows:

### **2.1 BOARD OF DIRECTORS**

The Board of Directors is responsible for evaluating the performance of the President each year, and determining the appropriate increase to base salary for that position.

## **2.2 PRESIDENT**

The President has the responsibility to establish this Program and to approve any changes to the Salary Administration Program consistent with the University's stated mission, vision, and strategic plan, and has the responsibility for approving salary actions that are outside of the guidelines of this Program. The President is also responsible for reviewing the performance of his/her direct reports, and recommending their salary increases.

## **2.2 VICE PRESIDENT FOR HUMAN RESOURCES**

The Vice President for Human Resources is responsible for the on-going administration of the Program, and for monitoring the utilization and effectiveness of the Program, and has the responsibility to review the Program at least bi-annually, and recommend changes to the President.

The Vice President for Human Resources is responsible for approving salary actions as recommended by the President, and for administration of those salary actions. The Vice President for Human Resources will be responsible for implementing and monitoring salary changes to ensure the Program's consistent application and operation throughout the University.

Under the direction of the President, the Vice President for Human Resources will be responsible for evaluating and approving any salary actions that are not within the guidelines of the Salary Administration Program, based on appropriate justification, including the impact of such salary actions on internal equity, the budget, and related issues.

## **2.3 MANAGEMENT TEAM**

The Management Team is accountable to be fully knowledgeable about the Salary Administration Program, and prepared to communicate to their employees the pertinent portions of the Program, and to keep the Vice President for Human Resources apprised of all communications that take place. The Management Team is responsible for ensuring that periodic reviews of all staff are completed. They are also accountable for communicating to their employees and ensuring employee understanding of pertinent portions of the Program.

### **3.0 ELEMENTS OF THE SALARY ADMINISTRATION PROGRAM**

#### **3.1 POSITION EVALUATION**

**Definition:** The position evaluation procedure is the method used to determine the appropriate job title and salary range for each position in an orderly and systematic manner.

**Policy:** Whenever a new position is established, or a position is significantly modified due to changes in assigned duties, the position must be reviewed by the Vice President for Human Resources in order to determine an appropriate position title and salary range. The determination will be made based on the specifics of the position identified in the job description, as compared against the competitive marketplace. The assigned salary range will be evaluated for both external competitiveness, as well as internal equity.

For newly created positions, the Vice President for Human Resources must approve the recommended new position and salary range prior to discussions of salary with applicants, and/or an offer being extended.

In the event of a reevaluation of a position to either a higher or lower salary range, the salary of an incumbent employee will be evaluated to determine if any adjustment (up or down) to the salary is warranted.

**Procedure:** Evaluation may occur at any time during the fiscal year when a new job is created, or for modified positions, as long as there is a **significant** change in duties and responsibilities to necessitate the review. In order to request a reevaluation of an existing position or the determination of a range for a newly created position, the appropriate member of the Management Team must prepare a job description, as well as preliminary recommendations for a job title, along with sufficient justification and/or rationale to support the request.

The position will be evaluated by the Vice President for Human Resources against internal and external equity concerns, including relevant and available market data, inter-department relationships, and the existing organizational hierarchy. Based on this evaluation, the appropriate member of the Management Team will be notified of the approved title and grade assignment. Final sign-off for new positions requires the signature of the CFO/COO, CAO and President.

### 3.2 EVALUATION OF EXEMPTION STATUS

**Definition:** The provisions of the Fair Labor Standards Act (FLSA) require the payment of overtime for work in excess of 40 hours per week, unless a position is specifically qualified for exemption.

**Policy:** The University will abide by the provisions of the Fair Labor Standards Act (FLSA) and any other applicable federal and state legislation. The exemption status (eligibility for overtime compensation) will be determined for each job based on its evaluation in relationship to the FLSA provisions.

**Procedure:** At the time a position is evaluated for salary grade assignment, or if a position undergoes significant changes to its duties and/or responsibilities, the Vice President for Human Resources will review the duties, responsibilities, and level of authority of the position to determine if the position qualifies for exempt status. In the event that a position's exemption status is changed, the employees impacted by such a change will be notified by Human Resources.

Job descriptions must be reviewed on a regular basis to maintain compliance. Positions will be reevaluated for exemption status if the provisions to the FLSA are modified.

### 3.3 SALARY STRUCTURE

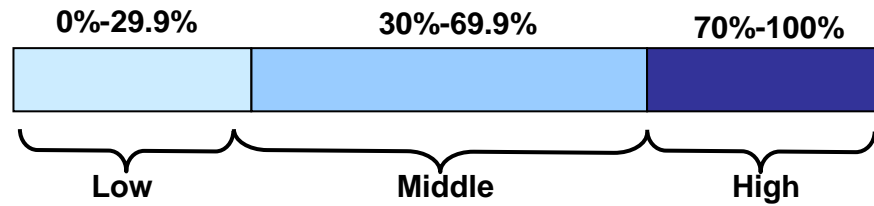
**Definition:** Salary structures provide a systematic grouping of salary grades and ranges that cover all positions. Salary ranges are used to reflect the appropriate relationship between positions within and between departments.

Each of the ranges within the salary structure consists of a minimum, midpoint, and maximum. Each salary range is further divided into three bands: Low, Middle, and High. These bands are defined as follows:

**Low Band:** The bottom 30 percent of the salary ranges that typically represent the range for newly hired, entry level, and promoted employees.

**Middle Band:** The middle 40 percent of the salary ranges. This represents the competitive market value for assigned jobs and is typically the band for employees who are performing at expectation.

**High Band:** The top 30 percent of the salary ranges. This is generally reserved for employees who have demonstrated outstanding performance, and employees with very long service.



The range of compensation for positions assigned to a grade is the spread between the minimum and the maximum of the range. Position-in-Range (PIR) is an analytical tool used to determine the percentage of penetration of an employee's salary into their salary range, in relationship to the minimum and maximum of the range. PIR is a factor in determining the percent of salary increase in conjunction with the Merit Increase Matrix (Section 3.6), and utilized for budgetary purposes.

**Policy:** The University shall establish and maintain a suitable salary structure to provide competitive salary range opportunities appropriate to its needs. The salary structure has been developed based on a detailed analysis of the University's relevant competitive labor market, general industry trends within its geographic locations, and peer organizations. The salary structure will be reviewed periodically, and updated as appropriate to ensure that it remains competitive.

**Procedure:** Approximately every two (2) years, or as necessary, the Vice President for Human Resources will test the marketplace to determine any significant changes in compensation for the University positions. The intention is to maintain parity with the desired compensation levels within the appropriate labor markets.

A representative number of positions will be priced against the competitive market, consistent with the University's stated Compensation Philosophy, and based on data comparable to the University's budget, locations, and peer organizations. The analysis will also examine the relative Position-In-Range (PIR) of each of the University's employees.

Based on the information obtained, the Vice President for Human Resources shall recommend changes covering the salary structure and ranges. The analysis will examine the potential effect and cost implication of adopting the updated salary structure, and thereafter, will be presented to the President for review and approval. As a result of this study, the salary structure is not guaranteed to change, but may change at the discretion of the President.

### **3.4 BRING TO MINIMUM ADJUSTMENTS**

**Definition:** Bring to Minimum Adjustments are those adjustments provided to employees whose salaries fall below the minimum of their respective range due to an increase in the range or due to promotion.



**Policy:** It is the policy of the University to strive to provide competitive salary ranges consistent with the respective labor markets in which it competes, as well as to ensure that employees are fairly and competitively paid commensurate with the duties and responsibilities of their positions.

Increases to a salary range will not result in an automatic or general increase to salaries of employees within a respective salary range. At the time of a range increase or promotion, the University will review employees whose salaries may fall below the minimum of their respective range and may adjust salaries based on the individual's evaluated performance and other relevant circumstances, to the extent possible.

**Procedure:** At the time changes are made to the salary structure and the ranges are increased, there may be situations in which the salaries of employees fall below the minimum of their assigned range.

If it is found that an employee is below the minimum of his/her respective range, and the individual meets the required performance standards, action may be taken to provide the employee with a Bring to Minimum increase, based on the financial capabilities of the University. The Vice President for Human Resources will determine an action plan for bringing each impacted employee to the minimum of the grade.

The cumulative financial costs of raising all impacted employees to the minimum of their ranges will be calculated and submitted to the President for approval, subject to budgetary constraints.

### **3.5 PERFORMANCE EVALUATION**

**Definition:** Performance evaluation refers to the evaluation of an employee's job-related performance with the primary objective being to provide feedback and identify areas of improvement of an individual's performance. The evaluation will focus on professional skills and performance objectives and accomplishments that are set for the review period. It also provides justification for determining an employee's compensation and promotability.

An employee's overall performance may be evaluated into one (1) of five (5) levels of performance, as follows, for the purposes of determining personnel actions:

- **Outstanding:** Substantially exceeds expectations; employee consistently exceeds all job requirements. Performance is recognized as clearly exceptional.
- **Commendable:** Exceeds expectations; employee handles job assignments in a very able manner and frequently performs tasks beyond normal job requirements.

- **Meets Performance Expectations:** Attains the high expectations of Centenary University; employee is fully qualified, meets all performance expectations, and handles job assignments in a manner consistent with the high standards of Centenary University.
- **Marginal:** Almost attains expectations; employee does not meet expectations on all job requirements but is judged capable of improvement and progression toward meeting performance expectations. A specific developmental plan must be completed as part of this performance review.
- **Unsatisfactory:** Falls substantially short of expectations; employee is not performing in an acceptable manner. Specific, written performance objectives must be prepared, and the employee's performance must be reviewed again within six months.

**Policy:** It is the intent of the University to conduct performance evaluations on an as-needed basis during the year, and no less than once in each twelve (12) month period. It is intended that this process will provide adequate feedback, allow for corrective action, and substantiate merit increases and related personnel actions. The performance of all employees is generally evaluated according to an ongoing 12-month cycle, after which time employees may be eligible for merit increases.

The prime consideration in the performance evaluation process is continual feedback in order to achieve superior overall performance. The process is expected to enhance the development of meaningful communication between the employee and his/her immediate supervisor, which in turn should lead to improvement in the employee's overall performance.

**Procedure:** In the month of October-November, the performance evaluation is conducted between the employee and his/her immediate supervisor, in which the supervisor evaluates the performance of the employee. The employee provides a self-evaluation to his/her supervisor detailing perspectives on performance during the review period. The supervisor provides feedback to the employee regarding his/her performance, and areas of development or unsatisfactory performance. The evaluated performance level will be used as the basis for personnel actions relative to promotion, transfer, salary adjustments, and continued employment.

An employee who receives an overall rating of "Marginal" or "Unsatisfactory" should be given a formal Performance Improvement Plan to help the employee to improve his/her performance. The supervisor and employee will create a specific plan of action, including the frequency of reviews, and performance will be monitored closely. Performance evaluations will occur more frequently for these employees until performance has improved. If the employee has not shown significant improvement, then further disciplinary action will be taken, which may include termination.

Although the evaluation process provides the formal structure in which to conduct evaluations, it is the intent and desire of the University that reviews be an on-going, interactive process between the employee and his/her immediate supervisor in order to foster career development and progress.

### **3.6 MERIT INCREASES**

**Definition:** Merit increases are increases to the individual's base salary, designed to reward the individual based on documented performance and contribution to his/her department and to the University. Merit increases are determined based on the approved merit increase budget, an individual's performance rating, and position in the salary range.

**Policy:** All regular full-time and part-time employees may be eligible to receive a merit increase at the beginning of the calendar year and after completing his/her performance evaluation, if the University's budget allows.

If warranted, the employee may receive a merit increase, which will be calculated based upon the appropriate Merit Increase Matrix; the matrix will consider the individual's level of performance and his/her position (PIR) within the assigned range. An employee whose performance does not meet the required standards will not be eligible to receive a salary increase until such time as he/she has been evaluated as meeting the minimum performance requirements of the job.

**Procedure:** Merit increases will be considered by the University every twelve (12) months. Merit increases, if approved, will go into effect the first pay period of January each year. Each employee will receive an annual performance evaluation, and may be eligible to receive a merit increase after the evaluation has been completed. Increase percentages will be based on the merit increase budget, the evaluated performance level, and the employee's position within the salary range.

Employees who receive a rating of "Marginal" or "Unsatisfactory" rating will not be eligible for merit increases at the time of the annual evaluation. If the employee has shown legitimate improvement after three (3) to six (6) months, at that time the employee may receive a merit increase. This increase will not be retroactive.

If an employee has reached the maximum of the range, no merit increase will be granted on that review date; however, he/she may be eligible for a lump sum award if performance standards are met (Section 3.7). The employee can be considered for a merit increase at a later date, when his/her salary falls within the range due to a grade change or adjustment in the overall salary structure.

Employees hired after July 1 will not be eligible to receive merit increase during their first year of employment. All salary actions must be approved by the

President. Following approval, Human Resources may then communicate any salary actions to employees.

### **3.7 LUMP SUM AWARDS**

**Definition:** A lump sum award is an award that may be granted to an employee whose salary falls at or above the range maximum for his/her job, but whose performance would otherwise warrant an increase in pay. Lump sum awards are meant to recognize employees whose performance meets or exceeds the standards of their jobs, without an increase to base pay.

**Policy:** For employees whose salary is at or over the maximum of their respective salary grade, no merit increase will be granted. However, at the discretion of the President, and if the University's budget allows, a lump sum award payment may be provided to those employees. Employees whose salary is within the range, but at the high end may receive a combination of a merit increase up to the range maximum, and a lump sum increase for the portion of the merit increase that is over the maximum.

Lump sum awards will be granted to coincide with annual review periods. The lump sum will not be added to the employee's current base salary. The recommended amount of the lump sum payment must be consistent with the employee's performance rating; otherwise, it will be considered an exception to the policy and will require appropriate justification. The lump sum award budget will be consistent with the overall increase budget. The employee will continue to be eligible for a lump sum award each year, until such time that the range adjusts upwards or he/she is transferred to a higher grade.

**Procedure:** At the completion of the annual formal performance evaluation, the Department Head must submit any recommendations for lump sum awards along with regular merit increase actions to the Vice President for Human Resources. Recommended lump sum awards will be determined by the Merit Increase Matrix, based on the performance rating received, and will reflect the merit increase percent in the high band for that rating. For example, an employee who is over the maximum and is an outstanding performer may receive a 3.0% lump sum award, assuming that for that fiscal year, exceptional performers in the high band are eligible for a 3.0% merit increase. The President must approve any lump sum awards before they are communicated to the impacted employees.

### **3.8 STAFF AWARDS**

**Definition:** A recognition award is an award provided to an employee or team who has exhibited exceptional work performance on a specific project, completed a project significantly ahead of schedule and/or budget, shown exemplary customer service to customers or internal staff, has had outstanding performance working in a team environment, or as recognition for the implementation of a cost savings program.

**Policy:** From time to time, as funding permits and upon discretion of the President, the University may provide recognition awards to employees who exhibit exceptional performance outside of the review process, i.e. Outstanding Performance and Innovation Award and is submitted and voted by their peers.

**Procedure:** The Employees may submit nominees' requests to the Vice President for Human Resources for evaluation with other judges, along with a written explanation and appropriate justification for the award. In addition, if the performance event is of particular significance (praiseworthy behavior). Vice President for Human Resources on the appropriate form. Recognition awards may not be recommended for employees whose last performance review rating was "Marginal" or "Unsatisfactory". The Vice President for Human Resources will then make recommendations to the President for awards.

### **3.9 STARTING SALARIES – NEW HIRES**

**Definition:** Starting salaries are established rates of pay that provide a consistent and systematic method for determining the initial rate of pay for individuals being placed in a new or open position.

**Policy:** Whenever possible, new employees will be hired within the Low Band (0% - 29.9%) of their job's respective salary range. In extremely tight labor markets or where an individual possesses a needed expertise and high level of experience, the starting salary may be above the Low Band. Consideration should also be given to the pay equity within the Department, as well as the employee's overall experience, training, and skill level. Furthermore, no employee shall be hired below the minimum of the applicable salary range.

**Procedure:** When a starting salary is determined for a new employee, the salary will be consistent with the established range of the job for which the individual is being hired (see Section 3.1 on assigning salary ranges).

In extremely tight labor markets or in those instances where an individual possesses a highly needed expertise and/or a high level of experience, the starting salary may be above the Low Band, with approval of the Vice President for Human Resources.

Before recruitment for a position may begin, the Vice President for Human Resources will assign an appropriate position title and salary range, based on a clear definition of the position responsibilities. The Vice President for Human Resources must authorize all job offers before they are extended to prospective hires. In cases where job offers need to be made that are outside the SAP Guidelines, approval must be obtained by the President.

### **3.10 PROMOTIONS**

**Definition:** Promotions are defined as the movement of an employee to a position with a definite increase in responsibilities and authority, and clear-cut change in duties signified by an increase in salary grade.

**Policy:** Promotions may occur at any time during the year, without regard to the scheduled review date. A salary increase may be given at the time of the promotion, and the amount of increase shall recognize the number of grades promoted. If an increase is not provided, a Bring to Minimum Adjustment may be required, in order to bring the promoted employee up to the minimum of his/her new grade (Section 3.4).

**Procedure:** At the time of promotion, a request must be completed by the appropriate manager, with details specific to increases in duties, responsibility, and authority, and then approved by the CFO/COO, CAO, President and Vice President for Human Resources. In order for the promotion to be processed, an employee must have had a formal performance evaluation completed within the past twelve (12) months and must currently meet required performance standards. If there is no evaluation on file, a performance evaluation must be conducted at that time. Subsequent to approval, the promotion and corresponding salary increase, if applicable, will be communicated to the employee.

The actual amount of the increase should be governed by the present salary (position in current salary range), level of performance, and number of ranges being promoted.

The pay progress of a promoted employee should be greater than the increase that would have been granted had the promotion not occurred.

### **3.11 LATERAL JOB TRANSFERS**

**Definition:** A lateral job transfer is the movement of an employee from one position to another in the same salary range.

**Policy:** Employees may be laterally transferred to another position (whether voluntarily or involuntarily) within the University based on availability of a job opening, and their ability to perform the duties of the new position.

**Procedure:** At the time of a lateral job transfer to another position in the same salary range, an employee would not normally receive a salary increase. However, the specifics of the new position (including duties and responsibilities, as well as the employee's specific experience and anticipated amount of time he/she will take to be effective in the job) will be considered. Given these factors, if a salary increase is warranted, other than at the employee's regular salary review date, it will be processed as a special salary adjustment following approval from the Vice President for Human Resources, CFO/COO, CAO and President.

### **3.12 DOWNRANGE ADJUSTMENTS**

**Definition:** Downrange adjustment is the reduction in an employee's grade based on the movement to a lower salary range that may be due to reevaluation of the job, reduction in force, involuntary movement by the University, or voluntary movement by the employee.

**Policy:** It is the policy of the University not to reduce an employee's salary unless there are extenuating circumstances.

**Procedure:** Based on an evaluation of the conditions warranting a reduction in salary range assignment, an employee may receive a transfer to a job in a lower salary range. If the employee's salary is above the maximum of the new salary range, the current salary will be frozen until such time as the employee warrants an increase or the grades are adjusted. A lump sum award may be provided to the employee (Section 3.7). In each situation, every consideration is to be given to the employee's previous experience and performance, as well as his/her recent salary increase history, and internal equity within the grade and position.

### **3.13 COMMUNICATIONS TO EMPLOYEES**

**Definition:** Communication refers to the timely and appropriate dissemination of applicable information to employees regarding the Salary Administration Program.

Communications will be consistent and on-going, which establishes employee trust and forestalls any negative perceptions or false expectations. In addition, communications help to build a sense of ownership and acceptance of the Salary Administration Program.

**Policy:** The University will provide each employee with the applicable salary information regarding his/her own grade assignment and corresponding range, the method for determining merit increases, and other pertinent aspects of the Salary Administration Program. In addition, the University is responsible for communicating changes to policies and procedures to the appropriate personnel in a timely manner, and for ensuring that the staff understands and can effectively implement the changes.

**Procedure:** At the Time of Employment and Promotion: Human Resources or the manager will provide each employee a job description outlining the official job title, the duties and responsibilities of his/her job, the base salary, and the salary grade and range.

At Each Salary Review: The employee will be informed of the present grade assignment, his/her potential for increases, and date of next salary review. In addition, the respective member of the Management Team and the employee will discuss specific annual objectives, and any other outside factors such as requests for transfers, etc.

At the Time of Performance Evaluation: The employee will be informed of the goals, duties, responsibilities, and criteria upon which performance will be evaluated for the upcoming review period. In addition, the supervisor will discuss with the employee his or her evaluated performance for the current review period, with a focus on the individual's strengths, areas of improvement, career development goals, and performance plans. The date of the next performance evaluation will also be discussed.

### **3.14 EXCEPTIONS**

This Manual outlines the customary and typical salary administration policies and practices. From time to time, extenuating circumstances and situations may arise which suggest that an exception to the policy is appropriate.

All recommendations for exceptions to the policies regarding starting salaries, transfers, promotional increases, demotions, and merit increases must be substantiated in a written explanation that accompanies the proposed action. Final approval must be obtained from the President.

## **4.0 GENERAL PROVISIONS**

Interpretation of all matters related to this Program, including but not limited to the resolution of any questions relating to the Program, shall be at the sole and final determination of the President.

The University may amend or discontinue this Program at any time, at the sole discretion of the President.

Nothing in this Program shall be interpreted as giving any individual the right to be retained as an employee of the University, or of limiting the University's rights to control or terminate the service of any employee at any time in the course of its business.

This Program shall be construed in accordance with all applicable federal and state laws. In the event that any section, or portion of a section, of the Program shall be held invalid, illegal, or unenforceable, that section, or portion of that section, shall not affect any other section hereof. This Program shall be construed and enforced as if the invalid, illegal, or unenforceable section, or portion of the section, had never been contained herein.