


Standard Operating Procedures

Compensation Management



UNIVERSITY OF WISCONSIN
OSHKOSH

Compensation Management	
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Type of Process:	Institutional Process
Approved by:	<p>AVC of HR: <i>Shawna M. Kuether</i> _____ Date <u>11/23/22</u></p> <p>VC Finance and Admin:  _____ Date <u>1/12/2023 12:50 PM PST</u> <small>83F3C6F419F549E...</small></p>
Authority	UW System Administrative Policy 1277 UW System Administrative Procedure 1277.A UW System Administrative Policy 1277: Compensation Appendices GEN 2.5. Overload Payments GEN 2.4. Compensation for Additional Services (CAS)
Purpose	To establish consistency across campus in determining appropriate compensation for new and current employees.
Form(s)	Personnel Transaction Form (PTF) Inter-Institutional Agreement

Overview

This document presents guidelines for determining compensation. Supervisors should work with the Office of Human Resources and the Budget Office before submitting any requests. All requests must be formally approved before any communication is shared with the employee. Changes to compensation should be addressed as the need arises for each employee.

Starting Pay

Using the salary range associated with the position's job grade, all new starting salaries will be evaluated based on their relevant knowledge, skills and experience as it relates to the minimally required knowledge, skills and experience of the position to which they are applying. In general, the starting salaries for a new hire should not exceed the midpoint of their salary range. This allows the new employee an opportunity for future growth within the salary range. Any starting salary above the midpoint will require justification and approval by HR.

Other factors that may influence starting pay:

- **Job value:** Each job is assigned a pay grade, based on the job description and the analysis of industry pay rates for similar jobs. Additional consideration may be given for jobs with hard-to-find skills and/or the job's overall value to achieving the goals of the department. Minimum starting pay should be as closely aligned to the market minimum whenever feasible.
- **Individual value:** The value that the individual applicant brings to the job based on their relevant skills and experience. Less skilled and experienced applicants should be paid lower in the range, while more skilled and experienced applicants would be paid higher in the range, though not always above the mid-point or at the max.
- **Internal equity:** A review of salaries of current employees in similar positions will be completed to ensure internal equity.

HR will consider the following in a starting salary review:

- **Applicant's Experience:** the number of years of industry and relevant functional experience the applicant possesses at the time of application.
- **Applicant's Education:** relevant education, training and/or certifications that at least meet the minimum requirements for the job.
- **Internal equity:** the skills and background of applicants should be compared to those of internal employees performing similar work. Salary equity does not imply that all employees in similar positions who have similar years of experience and education should be paid the same salary. Recognition of varying levels of skills and performance, for example, will result in differences in salary among employees.
- **Recruitment difficulties:** skills in high demand or hard-to-find areas require additional salary consideration. Factors such as the scarcity of qualified applicants, the number of rejected job offers, and the turnover rate for the position may be considered.

Salary Ranges and Quartiles

A salary range is an established range of pay organized into salary grades. Each job is assigned a salary grade that represents employees performing similar work utilizing similar knowledge, skills and abilities. Since employees have different levels of experience and education, we utilize quartiles to determine where an employee should be placed in the salary range.

Entry Level		Seasoned Professional/Mid-Career	
Minimum Range	Midpoint of Range		Maximum Range
First Quartile	Second Quartile	Third Quartile	Fourth Quartile
Meets minimum qualifications	Previous related experience	Meets preferred qualifications	Subject Matter Expert
Has little or no previous experience	Demonstrated ability to perform duties	Demonstrated ability to perform duties independently	Exhibits broad and deep knowledge of job and related areas
Requires additional training to build knowledge and skills	May need additional training to perform duties independently	Consistently exhibits core competencies	Senior-level job expertise

First Quartile - The first quartile of the range is usually intended for employees who are new to the grade, are in a learning situation, and/or do not have substantial experience in the new position.

Second Quartile - The second quartile of the range is intended for employees who have gained experience and skill and who are becoming more proficient in the position for which they were hired.

Midpoint - The midpoint represents the market rate for this position and represents fully experienced employee at that level.

Third Quartile - The third quartile is typically reserved for experienced employees who perform all tasks independently and consistently exceeds expectations in exhibiting the core competencies of the position.

Fourth Quartile - The fourth quartile of the range is normally reserved for individuals who are considered the subject matter expert in their position with a depth of knowledge that extends beyond their primary responsibilities.

How to use the salary quartiles:

- When determining pay, the employee's knowledge and skills should be considered as they relate to the new job/duties/responsibilities, not their current position.
- If an employee meets only the minimum qualifications of the position, they likely should be compensated in the first quartile.
- The midpoint of the salary range is considered the market value of the position, and it is expected that the employee at this salary or above is fully productive in the position and has considerable experience in the job. Only substantial and relevant years of experience in a previous position that is directly related to the position at UWO will be considered.
- Years of experience not related to the position are typically not considered.

Permanent Salary Adjustments

Change in Duties	A substantive change in the scope of duties and responsibilities that still fall within an employee's current SJD/title. When determining how much to increase an employee's salary, decisions shouldn't be driven by title alone or the same across the board. We should factor in skills, performance, scope in position, education, experience, years of service, and internal equity. Keeping in mind that the higher end of the HR recommended pay range should represent someone who is experienced in the role over the life span of their career. The guidelines below demonstrate how to determine appropriate adjustment amounts. (see Table 1)
Counteroffer	Documented job offer from an outside employer. The offered position must have comparable duties and responsibilities to current position. Offer letter must accompany this request and counteroffers should not exceed outside amount.
Equity	Demonstration of a significant pay inequities that may exist in protected categories such as race, color, gender, religion, sex, national origin, age, and/or disability for similar work performed.
Market	Established labor market data that identifies a need to recognize significant market changes in a job-specific industry.
Parity	Demonstration of a significant pay compression or inversion between employee and their immediate subordinates and/or colleagues. When determining how much to increase an employee's salary, decisions shouldn't be driven by title alone or the same across the board. We should factor in skills, performance, scope in position, education, experience, years of service, and internal equity. Keeping in mind that the higher end of the HR recommended pay range should represent someone who is experienced in the role over the life span of their career. The guidelines below demonstrate how to determine appropriate adjustment amounts. (see Table 1)
Pay plan	Legislature's Joint Committee on Employment Relations (JCOER) approved compensation adjustments. These adjustments are provided in accordance with the guidelines outlined by JCOER.
Performance (Merit)	Notable, sustained performance that meets and exceeds established standards of a job. The guidelines below demonstrate how to determine appropriate performance adjustment amounts, assuming an annual performance review is performed. (see Table 2) As a general rule when approaching all pay adjustments, one should consider equity, parity, the institution's approach to salary distribution, and available funds. Minimum eligibility requirements can be found in UW System Administrative Procedure 1277.B.
Retention	Employee is actively seeking employment and the resultant loss of the employee's knowledge and experience would be a detriment to the department, division, or campus.

Table 1 – Non-performance adjustment amounts

CRITERIA	MODEST INCREASE (3% – 5%)	MODERATE INCREASE (6% – 13%)	SIGNIFICANT INCREASE (13% – 15%)
DEGREE OF INCREASE IN RESPONSIBILITIES	Slight	Moderate	Significant
CURRENT SALARY RELATIVE TO OTHERS IN THE NEW PAY GRADE (INTERNAL EQUITY)	High	Comparable	Low
DEMONSTRATED ABILITY TO PERFORM THE DUTIES OF THE NEW JOB	Adequate	Above-Average	Consistently Exceeds

Table 2 - Performance adjustment amounts based on performance rating and position in grade

Performance Rating	Higher in Grade	Around Midpoint	Lower in Grade
Role Model	1-3%	3-5%	4-6%
Excellent	0-2%	2-4%	3-5%
Fully Successful	0-1%	1-3%	2-4%

Role Model – Performance exceeds the expected level of performance in most areas, most of the time.

Excellent – Performance exceeds the expected level of performance in some areas, some of the time.

Fully Successful – Performance meets the expected level of performance in most areas.

Minimally Successful – Performance fails to meet the expected level of performance in some areas. Performance needs to improve.

Unsuccessful – Performance fails to meet the expected level of performance in most areas.

Bonus Payments

Performance	Discretionary bonus awarded upon successful completion of an assignment, project, or exemplary performance. This type of award is to recognize and reward achievements or accomplishments that contribute to the overall objectives of the department, division, and/or institution. Below are guidelines on how to determine appropriate performance bonus amounts.
Retention	Discretionary bonus awarded when it is necessary to retain a valuable employee (i.e., specialized skill set, exemplary performer, etc.), when increasing the employee's salary is not advised due to equity, parity, pay range consideration, etc. The size and the arrangement are evaluated independently between Office of Human Resources and the manager based upon business needs and resources of the department or division.
Recruitment	Certain positions may qualify for an initial expense, lump-sum payment upon hire. Hiring managers may determine how critical it is to secure a final candidate, or how difficult it will be to recruit another qualified candidate, and then, determine if a recruitment bonus is an option. The amount of the recruitment bonus can be up to 10% of the position's fulltime annualized salary with a maximum of \$5,000. Additional guidance can be found in UW System Administrative Procedure 1277.C .

Performance Bonus Guidelines

Performance Level	Description	Suggested Amount
1	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 department/division-level.	1.0 < 4.0% bonus
2	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.	4.0 < 7.0% bonus
3	This is the third and highest level that may be recommended 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, which is not likely to repeat itself every fiscal year; impacts division up to institution level.	7.0 <= 10.0% bonus

Temporary Base Salary Adjustments (TBA)

Temporary base salary adjustments should be utilized in cases where an employee assumes temporary responsibilities that are significantly different from those of the employee's current position. A temporary pay increase represents an amount in addition to the employee's base salary and does not become a part of the employee's base salary. When the temporary assignment ends, the employee's temporary pay increase is removed. When requesting a TBA, the department must include a begin and end date. Any changes to the request, including extension of end date or early termination of the increase, must be initiated and resubmitted by the department using the personnel transaction form. A TBA is allowed for a maximum of 6 months, unless there are extenuating circumstances, but should not exceed 12 months. The Office of Human Resources can perform a compensation analysis and should assist with determining an appropriate increase.

Assuming additional responsibility or working on a special project does not automatically constitute the basis for a temporary pay increase. For example, a salary adjustment is not necessarily warranted if:

- The assignment is brief (less than thirty (30) days)
- Additional duties consist of a backup nature already expected of the employee
- Additional duties are distributed among a number of employees in such a manner as to not significantly impact the total workload any one employee
- The person receiving the temporary assignment is already adequately compensated relative to the vacant position

Recommendations for amounts of temporary pay increases:

- If additional duties and responsibilities assumed by the employee fall within the same pay grade, a temporary increase of 0-5% above the employee's current pay is recommended
- If an employee assumes the duties and responsibilities from a role in a higher pay grade, a temporary increase of 5-10% above the employee's current pay is recommended

Interim or Acting Appointment Salaries for Administrators

Administrators serve at the executive/policy making level, so it is important for an acting or interim appointee to maintain leadership continuity during a temporary leave of absence or during the search and screen process. The vacancy must be a director level or above to be eligible for an interim or acting appointment. The salary offered to an individual to serve on an acting or interim basis can be an important factor in securing the temporary services of a highly qualified person.

The salary for an interim or acting appointee should be made considering the nature of the appointment, internal equity considerations, and budget constraints. An evaluation should be made to ensure that, to the extent possible, the salary offered for an acting assignment does not create inequities with comparable positions both within and between institutions within the UW System.

When the interim or acting assignment begins, the employee's interim salary must be established at a level not less than the minimum of the new pay grade. Starting salary for interim assignments are recommended to begin at the market minimum. If the current salary is already above market minimum,

the increase should be between 5% and 10%. The appointment's salary should not be based on the previous incumbent's salary.

When a permanent appointment is made, the acting or interim appointee can expect to be returned to their former position at a salary consistent with the salary the person had before assuming the acting appointment, plus any increases that the person would have received but for accepting the acting responsibility. Except for in rare circumstances, interim or acting appointments should not make staff salary adjustment requests within 60 days of the interim appointment end date.

The Office of Human Resources can perform a compensation analysis and should assist with determining an appropriate salary for interim or acting appointees.

Retroactive Salary Adjustments

Per [UW System Administrative Policy 1277](#); retroactive salary adjustments for personnel transactions are prohibited. However, UWO has authorization to retro salary adjustments with an effective date based on the date that documented materials are received by the Office of Human Resources.

Grant Funded Compensation

Compensation funded through federal grants and programs may be subject to and capped by federal regulations. Anyone receiving grant funds must work with The Office of Sponsored Programs to ensure compliance. Payment from grant funds is not determined by the total grant monies received but instead by the job responsibilities and type of work performed. An employee's base salary is determined by the duties performed and their official assigned title. The base salary should not increase or decrease when grants are obtained or completed.

Overloads are not permissible for an employee who is paid in some part on a federal grant unless it is agreed upon in the grant proposal document approved by the granting agency, or unless the granting agency approves the specific overload circumstance in writing. (OMB circular A-21 J.10.d(1))

Additional Compensation (Overload, Lump Sum and Summer CAS)

Overload: Significant additional work duties added to an employee's full-time existing duties creating a workload in excess of 100% of the employee's time.

- Overload payments are only granted to Faculty and Instructional Academic Staff for additional teaching duties.
- An overload cannot exceed the higher of either 20 percent of the employee's academic (9 month) salary base or annual (12 month) salary base or \$18,000 in a fiscal year unless the Provost, Vice Chancellor or Chancellor determine that good cause exists to exceed this threshold and issues an exception in writing.
- All overloads must be approved, in advance, by the Vice Chancellor or Provost.

Overload Considerations:

- Courses taught during the academic year that result in a teaching load that exceeds the employee's full time contractual teaching load for the academic year.
- Substantial additional work requirements added to the existing duties of a full-time employee creating a workload in excess of 100% of the employee's time and the performance of these additional duties is unusual, short-time or nonrecurring in nature.
- Inter-institutional instructional agreements. Sharing of expertise among UW institutions is considered an expectation as part of full-time employment. Where the need for inter-institutional service is in addition to a full-time appointment at the home institution and is short in nature, an inter-institutional overload may be initiated.

Lump Sum: Additional payment to a less than full-time employee, to an employee with a "lump sum" contract type, or to an employee receiving lump sum compensation as part of an award. This transaction is generally used in cases where FTE adjustments cannot be made due to the short-term nature of the lump sum payment.

- Employees on lump sum contracts are required to record hours worked on a timesheet for ACA (affordable care act) purposes. If hours are not recorded in the time period in which a lump sum payment is being made, the system will automatically record 40 hours for the employee. This causes potential issues with ACA requirements and health insurance eligibility where if audited, we could face heavy fines. If lump sum employees are negligent in recording their hours and fines are imposed, the department will be held financially responsible for the fine.

Summer CAS: Compensation received by an academic year employee outside the 39-week academic year for summer teaching or service. Summer CAS does not count towards an academic year employees overload limit however there are separate limits that apply. Typically, Summer CAS is limited to 15 percent of the employee's academic year salary.

- Separate contracts are issued for instructional academic staff employees. Personnel transaction forms must be submitted for faculty.
- CAS is considered an extension of the employees' contract outside of normal academic periods. An employee cannot be issued CAS monies while working full time under an annual contract.
- Teaching duties are calculated based on 2.5 percent of the academic base salary per credit with a maximum payment of 15 percent. With the exception of the Faculty Development Board, non-teaching duties are calculated on the basis of 7.5 percent of the base salary per month of a full-time assignment, with a maximum payment of 15 percent.
- The maximum allowable CAS payment is 20 percent of the base salary or \$18,000, whichever is greater, unless explicit exception is provided in writing by the Provost.
- Teaching duties are referred to as "Summer Session" and non-teaching duties are referred to as "Summer Service". Summer CAS contracts (other than those issued through the Faculty Development Program) are generally issued in early May of each year and are in accordance with decisions made in the budget process. Salary payments are made through the summer period, split across all bi-weekly periods, depending on the dates of service/teaching.

Executive Salary Structure

Salary ranges for senior executive positions will be based on an analysis of salaries paid by peer institutions for similar positions at comparable universities in other states. This policy applies to Chancellors and Provosts/Vice Chancellors. See [UW System Administrative Policy 1277: Compensation Appendices](#) for a list of the Executive Salary Ranges.

Extraordinary Salary Ranges

Although the salary range structure is designed to accommodate general market demands, there are significant market conditions for certain positions that require an extraordinary salary range in order to address documented recruitment and retention needs.

Regent Resolution #9950 (adopted July 15, 2011) provides the UW Chancellors the delegated authority to establish extraordinary salary ranges when the salary range assigned to the title does not adequately address the market conditions and affects recruitment and retention needs. The extraordinary salary range should be based on salaries paid for comparable positions in the external market.

The request for extraordinary salary range should be submitted to the Associate Vice Chancellor of Human Resources and all extraordinary salary range decisions shall be made utilizing the [UW System Administrative Procedure 1277.A](#).