

Information for Employees on New Salary Administration Policy Effective January 1, 2007

Human Resources
December 14, 2006

Overview. UNCW's strategic plan highlights the university's commitment to improving employee salaries whenever possible. The chancellor and the cabinet value our staff employees and are continually seeking ways to recognize and reward their exceptional work. As evidence of this, special emphasis was given in January 2006 and October 2006 to provide equity and labor market adjustments to improve employee salaries. In addition, a revised Salary Administration Policy (HR 08.310) was recently approved to provide even greater flexibility to managers and directors in managing their respective salary reserve funds, thereby enabling them to make sound salary decisions based on employee qualifications, equity, and available funds.

Background. In the past, UNCW maintained a central salary reserve that could be tapped by divisions for use in promotions and reclassifications. This fund was maintained by requiring that each division hire new employees *at or near the bottom of* the salary range designated for each position. The differential salary amount (between what the previous employee made and what the new employee made) was removed and placed in a centralized salary reserve, so that it could be used for reclassifications and promotions needed by any division. To be sure, this system worked well when supervisors could hire talented employees at the bottom of the range, and when the only way to get a pay adjustment was to go through the lengthy reclassification process or to find another position elsewhere in the university.

In August 2005, the centralized process ceased, and divisions were given control of their respective salary reserves. Although these funds are very limited, divisions now have better *funding* flexibility for supporting new hire salaries and for increasing the salaries of their most deserving employees. Under the current Salary Administration policy (approved in 1997), employee increases are determined by a formula that *guarantees* a certain percentage amount to an employee. Many division directors and employees indicated that this salary administration policy, which prescribes a certain amount for promotions and reclassifications, gave no discretion to managers, created salary inequities that demoralized employees, and required managers to use funds they would otherwise have used for other employees. In addition, the policy was inconsistent with the Salary Administration Policy for Career-Banded employees, which requires the supervisor to consider certain pay factors in determining an employee's salary.

Consequently, division directors asked Human Resources to develop *policy* flexibility to allow them to consider employee qualifications, budget priorities, performance, and equity in their salary decisions with regard to new hires, promotions, transfers, and reclassifications. Although there is not any more or any less money to distribute, the new policy changes will enable divisions to distribute the funds in ways that are more responsive to both managerial and employee concerns.

Key Policy Changes

Employees are encouraged to read new HR 08.310 policy. The key changes are:

- Departments will use a number of factors, including funding and equity, when recommending a salary for a new hire or promotion
- Departments will have the option of listing a specific maximum salary in a vacancy announcement. If a specific maximum is listed, an employee's salary cannot exceed this figure.
- An employee receiving a promotion will receive a minimum of 5% (unless it would exceed the advertised maximum).
- If an employee is reclassified to a higher salary grade, the employee's salary must go to at least the minimum of the new grade. A higher salary is possible, however, based on other factors, including funding and equity.
- Funds are available to departments to hire a former RIF employee and maintain that employee's salary (if the position is funded from appropriations).

With the flexibility provided under this new policy, it is important to note that there may be some cases (due to equity or funding limitations) in which a division might be unable to support the same built-in, guaranteed promotional or reclassification salary increase the employee would have received under the old policy. As such, some employees might view these policy changes as a loss. On the positive side, however, we now have other compensation options that do not require the frustration and delays of the reclassification or transfer process. By leaving funds within the division, supervisors are better equipped to compensate new employees with salaries that are higher up in the salary range, and to use reserve funds for promotions, reclassifications and in-range adjustments for their own deserving employees.

Implementation

The UNCW Human Resources office drafted the policy consistent with state policy concerning salary determinations. It was presented to the Advisory Committee for Human Resources (ACHR) for comment and review on October 31, 2006, and the ACHR members' comments were collected for the cabinet's review and consideration. The UNCW cabinet approved the HR 08.310 policy on December 11, 2006. The provisions concerning salary determinations for new hires, transfers, and promotions will go into effect for positions first advertised on or after January 1, 2007. The provisions concerning salary determinations for reclassifications will go into effect for reclassification requests received in Human Resources on or after January 1, 2007.

<http://www.uncw.edu/policies/08-310-salaryadministrationSPA.htm>