Compensation Plan for Exempt and Non-Exempt Staff

**Original Implementation:** February 3, 2005  
**Last Revision:** January 28, 2014

**Objective:** It is the intent of Stephen F. Austin State University to maintain a compensation program which:

- Considers the external market, while focusing primarily on ensuring internal equity and emphasizing the advantages of a collegial work environment;
- Rewards and retains those individuals who exceed defined performance expectations;
- Provides flexibility in implementation and process to meet the needs of the university;
- Encourages progression and mobility to excellent performers through job enrichment and promotions from within; and
- Encourages and rewards the acquisition of skills.

**Compensation Principles:**

- The values of jobs will be based on a blend of SFA values and culture reflected through core factors and external market values.
- Total compensation for all jobs will take into account funding considerations, appropriate internal job relationships and market relationship.
- Compensation plans, including methodologies and practices, will be well communicated to all employees at the university.
- Performance management requires a cooperative effort between employees and supervisors. Employees and supervisors will work together to clarify and meet performance objectives and expectations.
- The Performance Management Plan will provide ongoing performance feedback and reward meritorious performance.

**Communicating Pay Information:** The Human Resources office will provide information concerning job classification and pay ranges upon request. Furthermore, as a regular part of their jobs, managers and supervisors are responsible for actively and openly communicating the organization's pay program and associated policies to employees on an ongoing basis. Managers and supervisors should discuss the following areas with new and reclassified employees as they pertain to each individual employee's situation:

- The job description covering the employee's duties and responsibilities.
- The employee's potential for progression within his/her pay range
- Job performance and its relation to promotional opportunities and pay increases
Administrative Responsibility: Department heads are responsible for administering pay for employees in their organizational unit in accordance with university policies, procedures, and guidelines and for making recommendations to the human resources office. Additionally, they are responsible for:

- Communicating with their employees about program policies and individual compensation issues, to include providing the most current job descriptions to supervisory and managerial personnel;
- Working with the Human Resources office on compensation matters, to include the updating of job descriptions as necessary; and
- Ensuring that salary increase procedures are followed.

Issues that are identified by managers and supervisors that are not covered by these guidelines should be referred to the Human Resources office.

The director of Human Resources has ultimate authority and responsibility for the university's compensation objectives, structures and policies. Any exceptions to, or major revisions in, the program must be approved by the director. The director will be responsible for ensuring these duties are completed:

- Drafting/recommending new or revised compensation policies and procedures
- Administering the daily operation of the salary administration function, including the approval of salary actions
- Preparing, maintaining, and approving job descriptions
- Monitoring the evaluation of new jobs and re-evaluation of existing jobs
- Reviewing the pay structure annually to maintain market competitiveness and internal equity
- Reviewing compliance with the Fair Labor Standards Act (FLSA), Equal Employment Opportunity Commission (EEOC), and other governmental regulations as they relate to the compensation function
- Appraising program effectiveness and recommending program revisions as necessary.

Exempt/Non-Exempt Designation: The terms and provisions of the Fair Labor Standards Act (FLSA) provide the basis for exempt versus non-exempt status and overtime pay requirements. The exempt or non-exempt status of each employee, with regard to the payment of overtime, is determined by the position to which the employee has been hired, transferred or promoted. The director of Human Resources is responsible for determining the correct FLSA status when the job is classified in a pay grade. Each manager must ensure that the employee performs job duties as described in the job description and that time worked is reported appropriately to ensure compliance with overtime provisions of the FLSA.
Job Descriptions: All benefits-eligible staff positions covered by this compensation program shall have a generic job description that includes the official SFA job title, a general job summary, a list of essential (major) duties and responsibilities, and job requirements (i.e. minimum education, experience, and other qualification requirements that an individual should have to fill the position).

The official job title on the job description will be used for all personnel records and publications (For internal purposes, however, departments may use a different functional title.) New official job titles may be created only with the prior review and approval by the director of Human Resources.

Job descriptions are used to:

- Evaluate and classify jobs to determine appropriate internal position relationships.
- Communicate to new or existing employees the fundamental duties and responsibilities of their jobs.
- Provide job information that can be used to determine competitive pay relationships in the labor market.
- Provide job information which can be used in the recruitment and selection process.
- Provide job information which can be used in employee relations matters, such as performance appraisal, employee orientation, grievance resolution, and identification of training and development needs.
- Ensure compliance with government legislation.

Changes in the duties of a job may require re-analysis and re-evaluation of a job. Where changes are judged significant by the supervisor and/or manager, he/she should complete a Job Analysis Questionnaire (JAQ), which can be obtained from the director of Human Resources.

Job Evaluation: The job evaluation method of determining the salary ranges for each position is a market pricing and slotting method. Salary ranges are determined on the basis of competitive pay rates for jobs of comparable duties and value to SFA. Extensive studies of compensation in nationwide competitive universities are made to ensure that the salary structure is competitive. The competitive salary survey data become the basis for calculating salary ranges, and, in turn, individual salary targets within the salary ranges. Benchmark jobs are chosen, priced by analysis of survey data and ranked. All other jobs are then slotted in relation to these benchmarks. Benchmark jobs are those with characteristics similar enough to jobs performed in other organizations that they can serve as market anchor points.

Requests for Evaluation or Re-Evaluation of Jobs: New and/or significantly revised positions or jobs must be evaluated by the Human Resources office in order to assign them to their appropriate grades. Requests for jobs to be evaluated or re-evaluated will be made in writing by the appropriate dean or department head to the director of Human Resources. The re-evaluation
process will take place once per year just before the budget process begins.

Requests may be prompted by the creation of a proposed new job title or by a substantial and permanent change in duties or requirements of an individual position or in the majority of individual positions within a job title. For a change in duties or requirements to merit re-evaluation, it should meet these criteria:

- It is a permanent change in duties; not a special project or short-term assignment;
- The addition, deletion, or change affects a duty that constitutes a significant portion of the job (at least 15%);
- The duty which is added, deleted, or changed is substantially different in level and type from the balance of the job duties so that it seems reasonable that the change in that one duty would affect the evaluation of the job on one or more job evaluation factors; or
- The levels of education or experience required for the job noticeably change. These requirements should reflect minimum standards for satisfactory job performance, not an incumbent's qualifications.

The steps for submitting and processing a request for evaluation or re-evaluation are as follows:
- The college or department head completes a "Request for Position Evaluation" form. Additionally, if a new classification is requested, a completed Job Analysis Questionnaire (JAQ) must be submitted with the form. If a re-evaluation of an existing position is requested, a copy of the current job description should be attached with the proposed changes indicated.
- Human Resources may ask that the Job Analysis Questionnaire be completed to provide more complete information to evaluate the position.

Pay Grade Structures: SFA uses one combined grade structure to establish compensation limits for jobs. The structure is based on competitive practices and internal equity considerations, and provides the possibility for progression to more responsible jobs with higher and broader pay ranges. The pay structure is intended to:

- Define the competitive pay position of jobs for the university to the relevant external market;
- Establish differential pay levels between jobs to recognize differing demands; and
- Establish lower and upper limits of value for each job.

Midpoints of the pay ranges represent SFA's desired competitive position to the external market and are determined by a statistical calculation based on external salary survey data for benchmark jobs in each pay grade. The minimum and maximum of each pay range represent the
minimum and maximum values, respectively, to the university of all jobs assigned to that particular pay range.

In most cases, up to the top of the first quartile is considered the range of value for a newly hired employee who meets the minimum qualifications of the job. Thus, most employees should be hired within the first quartile of the range, but departments have full authority to hire or promote into positions up to midpoint. Hiring employees above midpoint requires prior approval by the director of Human Resources.

Hiring employees below the minimum of the pay range is contrary to university policy and is not permitted. Conversely, the maximum of the pay range is the upper limit of pay for a job. An employee's rate of pay may not normally exceed the respective maximum for the job.

Review of Pay Structures: As part the budget process each year, the director of Human Resources will review the competitiveness of its pay structures. The review will include (1) comparisons of the competitive status of SFA's midpoints to the relevant external market; (2) a review of anticipated average movement of pay structures by peer and comparison organizations.

Based on findings of the review, a recommendation will be prepared for consideration by the director of Human Resources concerning adjustments to the pay structures. The recommendation will include detailed cost analyses and will be provided to senior management for consideration.

New Hire Rates: Employees meeting the minimum qualifications of the job should normally be paid within the first quartile of the pay range. However, pay rates for new employees possessing qualifications in excess of the minimum qualifications may be placed at pay rates above the first quartile, with the appropriate levels of approval.

The hiring department has full discretion for placing a new employee's pay up to midpoint. Hiring rates above midpoint require prior approval by the director of Human Resources.

In determining hiring rates, consideration will be given to the resulting position in the pay range, whether the rate allows sufficient room for future growth, and relationships to rates paid to similarly qualified or more experienced employees in the job. External salary survey data will also be considered, if it is available.

In establishing new hire rates, SFA will continue to comply with all federal and state rules and regulations, including the Equal Pay Act of 1963, which prohibits pay differentials on jobs that are essentially equal in terms of skill, effort, responsibility and working conditions, except when these are the result of a bona fide seniority or merit system, or any other job-related factor other than gender.
Salary Adjustments: Decisions on all salary adjustments must be implemented in accordance with legislative requirements. Department heads are also responsible for ensuring compliance with all applicable federal and state rules and regulations regarding compensation.

Annual Salary Budget: Each year as part of the budget planning process, SFA will prepare a salary budget that specifies the average increase amount, if any, to be given to employees during the fiscal year. The salary budget will be based on a comparison of the university's pay rates to external salary survey data, as well as the salary budgets projected by other peer and comparison organizations. The salary budget will reflect dollars available to fund general and/or merit increases.

Merit Increases: SFA policies permit the awarding of merit increases on a semi-annual basis to be effective either on September 1 and/or March 1. Only benefits-eligible employees who have completed six months of continuous employment at SFA as of the effective date of the merit program are eligible to receive a merit increase.

Merit increases are based on an employee's documented job performance and are intended to reward individual performance, increased productivity, improved quality, and/or reduced costs. To be eligible for a merit increase, individuals must have a current performance appraisal with a rating of fully acceptable or above on file in the Human Resources office. Employees receiving an unsatisfactory or improvement needed/in development rating will not be eligible for a merit increase without approval from the director of Human Resources.

Whenever a merit increase program is funded and authorized, the Human Resources office, in conjunction with the budget office, will prepare and distribute detailed guidelines to department heads. The guidelines will include the authorized merit increase amount, funding requirements, performance level required to be eligible to receive a merit increase, and other program criteria. Merit increases must be approved by the board of regents prior to their implementation.

Equity Pay Adjustments: The Human Resources office periodically audits pay rates within classifications to identify potential pay problems. It is also the responsibility of the department head to bring to the attention of the director of Human Resources any significant pay problems that may exist in their department.

A department head may initiate a pay equity adjustment once per year during the planning of the budget whenever he or she determines that the present level of compensation of an employee or group of employees is at a level where:

- It results in an unusual level of turnover of employees in the group; or,
- It results in the affected department experiencing significant difficulty in recruiting candidates to fill vacant positions; or,
- It results in a disparity in current paid rates for similarly classified employees in that unit; or,
- The level of compensation is substantially below the comparable level of compensation for similar employment outside SFA; and,
- The present level of compensation has substantially reduced the university's ability to deliver services.

Individual equity increases shall be based on one or more of the following:

- Internal equity
- External competitiveness
- Longevity
- Quartile within salary range

All equity pay adjustments are subject to review and approval by the appropriate vice president and the director of Human Resources. Normally, funds for any approved equity pay adjustment must come from the authorized budget of the affected division.

Promotions: When an individual is promoted, his or her pay will normally be adjusted to reflect the new level of responsibility. In isolated situations, when an individual's base pay rate is at a higher level than rates paid to incumbents, an individual may be granted a promotion with no change in pay.

Any promotional increase should raise the employee's pay rate to at least the minimum of the pay range. Conversely, a promotional increase may not increase the employee's pay rate above the maximum of the new pay range.

The hiring department has full discretion for placing the salary rate of an employee up to the midpoint. Recommended promotional increases which fall outside of these parameters are governed by normal university hiring procedures and approval processes. All promotional actions must be reviewed by the director of Human Resources.

In determining recommended promotional increase amounts, the following factors are considered:

- Rates paid to incumbents in the new position, both within hiring college or division and in other colleges and divisions throughout the university;
- Pay range for the new position and the difference in the number of pay grades between the old position and the new position;
- Qualifications of the individual versus qualifications of incumbents in the same job in the college or division;
- External salary survey data, if it is available; and
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\item Change in FLSA designation or overtime designation; i.e., a change from non-exempt job to an exempt job.
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The affected employee should not be notified of the proposed promotional increase amount until it has been approved by Human Resources.

**Position Re-evaluations:** Employees whose jobs are re-evaluated to a higher pay grade may require adjustments to their base pay rates. Calculations of pay adjustments, if any, will normally be handled in the same manner as promotions. Any pay adjustment granted should raise an employee's pay to at least the minimum of the new pay range.

Re-evaluating a classification to a lower pay grade will not normally result in a reduction to an employee's pay.

**Demotions:** New base pay rates of employees who are demoted to jobs assigned to lower pay grades will be based primarily on the base pay rates of incumbents in the new classification. A demotion may or may not result in a reduction in the employee's base pay rate. The new pay rate, however, must fall within the pay range of the new job. If the employee's pay falls above the maximum of the new pay range, the employee's pay must be reduced to at least the maximum of the pay range.

All demotions require prior approval by the director of Human Resources.

**Lateral Reclassifications:** Lateral reclassifications occur when job responsibilities have changed, but are similar in scope and responsibilities. The overall job requirements are comparable in the new job with the same pay grade as the old job.

Normally, there will be no change to the base pay rate of an employee who is laterally transferred. Under extraordinary circumstances and in extremely rare situations, an employee may receive a salary increase on a lateral move. Any increase granted on a lateral move requires the approval of the director of Human Resources.


**Responsible for Implementation:** Vice President for Finance and Administration

**Contact for Revision:** Director of Human Resources

**Forms:** Request for Position Evaluation form; Job Analysis Questionnaire (JAQ)

**Board Committee Assignment:** Finance and Audit