

# Staff Compensation and Classification

**Original Implementation:** February 3, 2005

**Last Revision:** July 21, 2020

## Purpose

This policy establishes that the Department of Human Resources is responsible for developing and administering the SFA compensation plan and job classification system. This policy does not include faculty or student compensation and classification.

## Definitions

**Restructuring** occurs when a position changes from one classification to another because of changes to job duties and responsibilities and institutional funds are not available for position changes.

**Reclassification** occurs when a position changes from one classification to another because of changes to job duties and responsibilities and institutional funds are available for position changes.

A **promotion** is a voluntary or involuntary move to a position in a higher salary grade or a higher level position in the same salary grade.

A **lateral transfer** is a transfer from a position within a salary grade to another position within the same salary grade.

An **interim assignment** occurs when an employee is compensated for assuming duties performed by a former employee in a different position.

A **demotion** is a voluntary or involuntary move to a position in a lower salary grade.

## General

To effectively manage compensation and classification of its employees, Stephen F. Austin State University (SFA) maintains a system of compensation and classification that:

1. considers the external market, while focusing primarily on ensuring internal equity and emphasizing the advantages of a collegial work environment;
2. rewards and retains those individuals who exceed defined performance expectations;
3. provides flexibility in implementation and process to meet the needs of the university;
4. sets a system for progression and mobility through job enrichment, promotions, merits and equity adjustments;
5. identifies the required education, experience, knowledge, skills and abilities required for all SFA positions; excluding casual (short-term or sporadic temporary) positions; and
6. encourages and rewards the acquisition of skills.

## **Compensation Plan Development**

Development of the plan shall include compensation studies of comparable universities to ensure that the salary structure is competitive. Comparable universities include those with characteristics similar to SFA. The comparable salary survey data and benchmark jobs are used to determine appropriate salary ranges for SFA positions. Benchmark jobs are those with characteristics similar enough to jobs performed in other organizations.

The SFA compensation plan includes job descriptions, salary grade structures and requirements for distributing compensation to employees:

### **Job Description**

Job descriptions will contain the SFA job title, a general job summary, a list of essential (major) job functions, and job requirements (i.e. minimum education, experience, exemption status under the Fair Labor Standards Act (FLSA) and other qualification requirements that an individual should have to fill the position). Human resources may develop job descriptions for individual jobs or for entire job families. Job descriptions are used to:

1. evaluate and classify jobs to determine appropriate internal position relationships;
2. communicate to new or existing employees the fundamental functions of their jobs;
3. provide job information that can be used to determine competitive pay relationships in the labor market;
4. provide job information which can be used in the recruitment and selection process;
5. 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; and
6. ensure compliance with government legislation.

Job description updates occur when job responsibilities have changed. The salary grade will remain the same because the classifications are similar in scope and responsibilities. Minor job description updates can occur anytime an update is appropriate.

Where updates are judged significant by human resources, a Job Analysis Questionnaire (JAQ), located on the human resources website, will be requested from the supervisor and/or manager.

Requests for a JAQ may also 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 qualify for re- evaluation, it should meet one or more of these criteria:

1. it is a permanent change in duties, not a special project or short-term assignment;
2. the addition, deletion, or change affects a duty that constitutes a significant portion of the job (at least 15%);

3. 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;
4. 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 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 or designee.

### **Salary Grade Structure**

Salary grade structures are used to identify the minimum and maximum salary range of pay for each position. 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 salary grades. As part the budget process each year, the director of human resources or designee will review the competitiveness of its grade structures.

Hiring employees below the minimum of the salary grade is contrary to university policy and is not permitted. Conversely, the maximum of the salary grade 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. Request for a rate of pay above the salary grade maximum must be approved by director of human resources or designee.

### **Requirements for Distributing Compensation to Employees**

The Department of Human Resources is responsible for ensuring that compensation is distributed in a fair, equitable manner that supports the needs of the university. Directors are responsible for initiating salary actions for review and approval by the Department of Human Resources.

### **Initial Hire Salary Offer**

Employee pay rates must meet or exceed the minimum of the salary grade, the FLSA salary threshold, and any institutionally established equity threshold. The hiring department has full discretion for placing a new employee's pay up to midpoint of the salary grade. Hiring rates above the midpoint require approval by human resources before the verbal offer is extended to the candidate.

### **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 successfully completed initial probation or have a current performance appraisal with a rating of acceptable or above on file in the Department of Human Resources. Employees receiving a rating below acceptable will not be eligible for a merit increase without approval from the director of human resources or designee.

### **Restructuring and Reclassification**

Restructuring occurs when a position changes from one classification to another because of changes to job duties and responsibilities and institutional funds are not available for position changes. The department or the division will be required to reallocate funds to cover the cost of restructuring. Departments may submit a Request for Position Restructure form to the appropriate vice president or administrator and to the budget office within the annual budget process. Human resources will determine whether the changes being requested qualify for restructuring. Restructuring of filled positions approved within the annual budget process will be effective September 1.

Reclassification occurs when a position changes from one classification to another because of changes to job duties and responsibilities and institutional funds are available for position changes. Departments may submit a JAQ to human resources within the annual budget process to request a reclassification of a filled position within their department. Human resources will determine whether the changes being requested qualify for a reclassification. Reclassification of filled positions approved within the annual budget process will be effective September 1.

Reclassification can also occur when there is a vacancy in a department and the department requests to reclassify the vacant position to one that better suits the needs of the department. Reclassification of a vacant position can occur anytime within the fiscal year.

Lateral reclassification occurs when job responsibilities have changed but the new classification has the same salary grade because the classifications are similar in scope and responsibilities. The overall job requirements are comparable in the new job with the same salary grade as the old job. Lateral reclassifications can occur at any time that a reclassification is appropriate, as defined by this policy.

Restructuring or reclassification that results from a departmental reorganization typically occurs when one or more positions within a department become vacant. The department re-evaluates its organizational structure and redistributes job duties and responsibilities, resulting in classification changes. Restructuring or reclassification resulting from reorganizations can occur anytime within the fiscal year.

In isolated situations, the university may restructure or reclassify positions in order to satisfy institutional budgetary considerations or in response to external factors including but not limited to

compliance, legislative, or accreditation requirements.

### **Promotion**

Promotion can occur through the posting process (voluntary), through restructuring to the same or a higher salary grade (involuntary), through reclassification to the same or a higher salary grade (involuntary), or through achievement of professional licensure (voluntary). When an employee is promoted, their pay will normally be adjusted to reflect the new level of responsibility. An employee may be granted a promotion with no change in pay when their pay rate is at a higher level than rates paid to comparable positions. Human resources will use factors including but not limited to position title, position group, essential functions, and salary grade. Any promotional increase should raise the employee's pay rate to at least the minimum of the salary grade. Conversely, a promotional increase may not increase the employee's pay rate above the maximum of the new salary grade.

If an employee is promoted through the posting process, the hiring department has full discretion for placing the base pay rate up to the midpoint of the salary grade. Recommended promotional increases which fall outside of these parameters are governed by normal university hiring procedures and approval processes. For promotional restructuring or reclassification, human resources will use internal and external salary data in determining recommended promotional increase amounts. In instances where an employee's salary grade does not change, but there are substantial changes in responsibility and duties as a result of the restructure or reclassification, human resources may place an employee's new base pay rate between the minimum and maximum promotional increase range.

### **Lateral Transfer**

Lateral transfer can occur through the posting process, through restructuring, through reclassification, or through an approved reduction-in-force process. The director of human resources, or designee, must approve all lateral transfers that are not associated with the posting process.

Each classification is assigned to a specific position group by human resources. A lateral transfer may or may not result in a change to the employee's base pay rate. If an employee is laterally transferred through the posting process, the hiring department has full discretion for placing the base pay rate up to the midpoint of the salary grade. Pay rates above the midpoint require approval by human resources before the verbal offer is extended to the employee. For all other lateral transfers, human resources will use the position group in determining recommended increase amounts as appropriate.

### **Interim Assignment**

In the event of a vacancy in a key position, a department or division head may designate an employee to serve in an interim assignment. At the department's discretion, an interim assignment may not remove an employee's responsibility to fulfill their current job duties.

## Exempt Employees

Exempt employees serving in an interim assignment remain in their current exempt position number and are paid via a supplemental electronic personnel action form (EPAF) on a monthly basis. In extremely rare situations, human resources may move an exempt employee to another exempt position number which will reflect the title and pay for the period they serve in an interim assignment.

## Non-exempt Employees

Human resources will perform the FLSA exemption test for non-exempt employees serving in an interim assignment for exempt positions. Non-exempt employees may:

1. Remain in their non-exempt position number if their interim assignment duties do not pass the FLSA exemption test (non-exempt employees paid monthly will be paid via a supplemental EPAF on a monthly basis); or
2. Be moved from their current non-exempt position number to an exempt position number if their interim assignment duties pass the FLSA exemption test; or
3. Be moved from their current non-exempt position number to another non-exempt position number if their interim assignment duties do not pass the FLSA exemption test and they are hourly, semi-monthly paid employees (the new non-exempt position number will reflect the change in title and pay for the period they serve in an interim assignment).

## **Demotions**

Demotions can occur through the posting process (voluntary), through restructuring (involuntary), through reclassification (involuntary), or through the disciplinary process (involuntary). If an employee is demoted through the posting process, the hiring department has full discretion for placing the base pay rate up to the midpoint of the salary grade. Pay rates above the midpoint require approval by human resources before the verbal offer is extended to the employee. Base pay rates of employees who are involuntarily demoted will be determined by considering the rates paid to comparable positions. Human resources will use factors including but not limited to position title, position group, essential functions, and salary grade. A demotion may or may not result in a reduction in the employee's base pay rate. The base pay rate, however, must fall within the salary grade of the new job. If the employee's pay falls above the maximum of the new salary grade, the employee's pay must be reduced to at least the maximum of the salary grade. All involuntary demotions require prior approval by the director of human resources or designee.

## **Equity Adjustments**

The Department of Human Resources 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 or designee any significant pay problems that may exist in their department. A department head may initiate a pay equity adjustment when an equity pool is funded as part of the budget process. A request is appropriate if the department head determines the present level of compensation of an employee or group of employees is at a level where:

1. It results in an unusual level of turnover of employees in the group;
2. It results in the affected department experiencing significant difficulty in recruiting candidates to fill vacant positions;
3. It results in a disparity in current paid rates for similarly classified employees in that unit,;
4. The level of compensation is substantially below the comparable level of compensation for similar employment outside SFA; or
5. The present level of compensation has substantially reduced the university's ability to deliver services.
6. Individual equity increases shall be based on one or more of the following:
  - a. Internal equity
  - b. External competitiveness
  - c. Longevity

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

**Cross Reference:** Fair Labor Standards Act, 29 U.S.C. § 201 et. seq.

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

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

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

**Board Committee Assignment:** Finance and Audit Committee

**Revision History:**     January 31, 2017  
                              January 28, 2014  
                              January 25, 2011