TO: Budget Directors and Budget Managers
FROM: Wanda Heading Grant, Vice President for Human Resources, Diversity and Multicultural Affairs
Alberto Citarella, University Budget Director
DATE: March 29, 2016
SUBJECT: FY 2017 Wage and Salary Increase Guidelines for Non-Represented Staff

UVM is committed to compensating employees competitively and equitably, always with attention to student affordability and within the scope of available resources.

The quality and commitment of UVM’s faculty and staff are critical for maintaining excellence in instruction, research and public service to the citizens of Vermont, therefore compensation remains a top priority of the University. That priority is evident in light of the proposed increase pools of for staff.

GENERAL GUIDELINES

Pending approval of the FY 2017 budget by the Board of Trustees, wage/salary base budgets for cost centers will be incremented by 1.0% to fund across the board increases and by an additional amount to fund merit and compelling compression. That additional amount will be at least equal to the sum of salaries in each salary range pool times the defined percentage for that pool.

These wage and salary guidelines apply to non-represented staff members paid on restricted, income/expense and general funds. These guidelines do not apply to staff members represented by a union. For represented employees with settled contracts, FY 2017 increases will be awarded according to the terms of applicable collective bargaining agreements.

Section 487 (a) (20) of the Higher Education Act (HEA) prohibits the University from providing incentive compensation to employees for their success in securing student enrollments or the awarding of Title IV HEA program funds.

FY 2017 WAGE/SALARY INCREASE GUIDELINES

FY 2017 PAY BANDS

Staff members cannot be paid below the pay band minimum. Career/Pay system pay bands will be adjusted as needed to reflect changes in market values, based on the annual review of survey data. Guidelines and pay bands will be available after March 29 and May 1, 2016 respectively at http://www.uvm.edu/~ofabweb/.

INDIVIDUAL INCREASES

- Across the board increases
  It is expected that staff members who began work at UVM prior to April 1, 2016, will receive a wage/salary increase equal to the FY 2017 across the board increase of 1.0%, if their performance has been satisfactory. In cases of documented seriously deficient performance or prior written agreement, a lesser or no increase may be appropriate.
Documentation must accompany budget submissions.

Increases for new staff members hired from outside UVM between April 1, 2015 and June 30, 2015 are optional, except for those employees whose wages/salaries need to be increased to the new pay band minimum.

Fiscal year increases are required for all current UVM employees in addition to any increase received as the result of an internal promotion or being hired into a new department between April 1, 2016 and June 30, 2016.

- **Merit and compelling compression**
  In addition to awarding 1% across the board, supervisors can award additional increases to staff members on the basis of merit and compelling compression.

Merit and compression pools are graduated to ensure that lower paid staff receive higher percentage increases. For individuals earning less than $50,000, VPs and deans will oversee a discretionary pool equal to 1.5%. For individuals earning between $50,000 and $99,999, this pool will be 1.25%. For individuals earning $100,000 or more, this pool will be 1%.

In determining merit awards, the sustained performance of every staff member should be evaluated relative to the responsibilities of their position. To identify compression, each staff member’s wage/salary rate should be analyzed in relation to others in the unit. Please be aware of the importance of monitoring the wages/salaries of meritorious continuing staff in relation to the starting wages/salaries of newly hired staff. *It is appropriate to award flat dollar increases for employees rather than percentage increases where the compounding effect of percentage increases over time may create compression.* For advice and guidance about compression, contact Classification & Compensation.

- **Individual Increases above 4.0%**
  For increases beyond 4%, where no promotion is involved, or the increases are funded by supplemental dollars, documentation must accompany budget submissions, for review and approval of the Vice President for Human Resources, Diversity and Multi-Cultural Affairs.

- **Pay band maximums**
  If a staff member’s wage/salary is above the maximum of the pay band, their FY 2017 increase will be limited to 1.0% only if their current (FY 2016) wage/salary exceeds the FY 2017 pay band maximum by 5% or more. Exceptions to this guideline are granted in cases of unusual exceptional merit or compelling compression. Written request for exceptions must accompany the budget submission, for review by Classification & Compensation and approval by the Vice President Human Resources, Diversity & Multicultural Affairs.

- **Wage/salary fiscal year adjustments after July 1**
  Post-July 1 fiscal year adjustments are meant to address situations that can be anticipated during the budget process; they are pre-approved within the budget process. They differ from “Off Cycle” base salary adjustments resulting from unanticipated organizational changes, which are not granted retroactively and require approval by Classification and
Compensation.

Wage/salary fiscal year adjustments after July 1 are allowed when specific, written plans accompany the budget submission. All plans must conform to staff wage/salary guidelines. Approved plans may be implemented at the discretion of the budget manager as funds become available. Specifically, adjustments after July 1 will be allowed in these cases:

- **When unassigned wage/salary dollars become available within the fiscal year.** Post-July 1 adjustments are possible when the adjustment addresses extraordinary merit or compelling compression or when external funding is still unknown at the time of budget submission. Such adjustments may be retroactive to July 1 (or a specified date between July 1 and the beginning date of a granting period) only when they are funded by external sources not available on July 1. Retroactive dates must be specified in the submitted plan.

- **When unassigned wage/salary dollars are available for distribution on July 1.** Post-July 1 adjustments are possible for employees who will be in their probationary period or part of a constructive discipline process through July 1.

➢ **Wage/salary appeal procedure**
Staff members who believe they have been treated unfairly in the fiscal year salary process may request reconsideration by the appropriate supervisor and then consult with Classification & Compensation concerning appeal procedures. *Any request for reconsideration or appeal must be initiated promptly.* Adjustments resulting from successful appeals are generally effective in the following budget year if the wage/salary pool has been fully distributed at the time the appeal is concluded.

➢ **Shift differential premiums and minimum wage rate**
Shift differentials for eligible non-represented employees are paid as a percentage of hourly rates as follows:
- 6% of pay band minimum for second shift
- 8% of pay band minimum for third or rotating shifts

The State of Vermont minimum wage is $9.60/hour. Currently, this is the lowest allowable rate for temporary employees. The State of Vermont plans to increase the minimum wage to $10.00 effective January 1, 2017.

**REVIEW OF AREA INCREASES**

The proposed per pool increase percentage will be reviewed by Financial Analysis & Budgeting, and is calculated as follows:

\[
\frac{\text{New Year Wage/Salary of Continuing Staff Per Pool}}{\text{Old Year Wage/Salary of Same Staff Per Pool}} = \% \text{ Increase Per Pool}
\]

This calculation excludes staff with changes in title, pay band, FTE or term of appointment; and it includes staff paid from all sources: general, income/expense or restricted funds. This calculation
will take place at the VP and dean level for each of the pools. Given the complexity of salary increase planning, it is assumed that VP/dean area calculations will not precisely match the 2.5%, 2.25% and 2.0% thresholds for the pools. If a VP or dean expects to exceed any of the pools by 0.5% or more, they should submit written justification to FAB as soon as possible, prior to the budget submission. Pool percentage increases for areas will be reviewed to ensure that VPs and deans adhere to the intent of the guidelines.

- **Use of area wage and salary increase funds**
  Funds from the across the board as well as merit and compression pools should be used for wage or salary increases and should not be used to create positions, to fund parts of existing positions or for other budget categories. *Area increases will be reviewed to ensure that there is a consistent application of these guidelines across campus.*

- **Area wage/salary increases**
  Funds available because of turnover or other changes may be used to supplement individual percentage increases for ongoing staff, as long as unfilled position budgets remain adequately funded. In addition, managers are encouraged to maintain sufficient unassigned dollars to fund overlaps in employment, reclassifications, off cycle increases, changes in FTE, etc.

**SUMMARY OF REQUIRED DOCUMENTATION**

- **Written justification is required for area pool increases prior to May 19th, when**
  - A VP or dean expects to exceed any of the pools by 0.5% or more

- **Written justification is required for individual staff wage/salary increases, when:**
  - An individual receives less than the across the board increase of 1.0%
  - An individual receives more than 4%
  - An individual whose FY 2016 salary is greater than the FY 2017 pay band maximum by 5%, receives more than 1.0%
  - Post July 1 fiscal year adjustments are planned

**WAGE/SALARY NOTIFICATION DEADLINES:** *Wage adjustments, including all required documentation are due with budget submissions, no later than May 27, 2016.*

Wages/salaries are reviewed for accuracy and compliance with these guidelines. Exceptions must be approved by the Vice President for Human Resources, Diversity & Multicultural Affairs. Both the review and the approval process should be completed by June 20, 2016. Employee wages/salaries are not official prior to that date.

It is important that each budget director ensures that staff members are informed what their new compensation is and the rationale upon which it was determined once the approval process is complete.

Contact Classification & Compensation (6-3102) or Financial Analysis & Budgeting (6-3244), if you have questions about these guidelines.
FY17 Wage & Salary Increase Guidelines for Non-Represented Staff

CAUTION: Please read the guidelines in full; use this presentation as a supplement only!
GUIDELINES: Pending Board approval

• COST CENTER WAGE/SALARY BASE BUDGETS will be incremented by:
  1.0% to fund across the board increases, plus an additional amount for merit and compression equal to sum of salaries in each salary range pool X the pool percentage

Increment does not apply to responsibility centers

Guidelines apply to all non-represented staff regardless of funding source
• EACH AREA must use the total percentage for salary increases
  – Cannot be used to create new positions
  – Fund parts of existing positions

• SALARY SAVINGS from turnover etc, may be used for increases
  – Unfilled positions must remain adequately funded
  – Must maintain sufficient unassigned dollars
• Career/PAY BANDS adjusted variably
   \[\text{No one under pay band minimum}\]

• ACROSS THE BOARD INCREASE \[1.0\%\]
  
  For staff (with satisfactory performance) hired prior to April 1
  
  April 1 to June 30 optional if hired from outside UVM

  Staff moving within UVM must get no less than 1.0\% ATB
GRADUATED MERIT & COMPRESSİON POOLS

Graduated to ensure that lower paid staff receive higher percentage increases

For employees earning < $50,000 1.5%

For employees earning between $50,000 & $99,999 1.25%

For employees earning $100,000 or more 1.0%
• MERIT and COMPRESSION

Merit:
- staff should be evaluated relative to responsibilities

Compression:
- when there is only a small difference in pay but a greater difference in job or employee skills or experience
- to identify: analyze unit salaries in relation to each other
- must monitor existing staff relative to new staff
- Remember to look at dollar amounts!

• TOTAL INCREASES ABOVE 4%

Individual increases up to 4% - no justification required
1.0% LIMIT IF FY16 SAL > FY17 MAX + 5%

ANTICIPATED POST JULY 1 ADJUSTMENTS

Are allowable when:

- funding is unavailable on July 1, but will be available during the fiscal year, or when

- funding is available but the employee is in their probationary period or part of a constructive discipline process
ANTICIPATED POST JULY 1 ADJUSTMENTS under these guidelines are different from UNANTICIPATED post July 1 adjustments that are separate from these guidelines and routinely occur as Off Cycle Increases during the fiscal year.

OFF CYCLE SALARY ADJUSTMENTS

THAT ADDRESS EQUITY & MARKET ISSUES

Resulting from:

• NEW HIRES

• REORGANIZATION

• RETENTION
• WAGE/SALARY APPEALS
   If employees believe they have been treated unfairly

• SHIFT DIFFERENTIAL PREMIUMS
   6% second
   8% third

• MINIMUM WAGE temporary employee wage rate minimum
   currently $9.60

It is important that each staff member be informed about:
   - what their increase is, and
   - how it was determined
WRITTEN JUSTIFICATION

FOR AREA INCREASES as soon as possible if:
  VP/dean expects to exceed any pool by 0.5%

FOR INDIVIDUAL INCREASES by May 27th:
  < 1.0%
  > 4.0%
  > ATB (1.0%) for EEs OVER MAX BY 5%
  POST JULY 1 (not off cycle)

EST APPROVAL DATE - JUNE 20th

Guidelines, shift differentials, pay ranges, avail @ WWW.UVM.EDU/~OFABWEB
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