FY’16 Compensation Instructions for Faculty, P&A, and Civil Service

To: Chancellors, Senior Vice Presidents, Vice Presidents, Vice Provosts, and Twin Cities Campus Deans

From: Karen Hanson, Senior Vice President for Academic Affairs and Provost and Kathryn F. Brown, Vice President for Human Resources

Re: FY’16 Compensation Instructions

Date: March 17, 2015

This memo provides instructions for implementation of FY’16 (July 1, 2015 – June 30, 2016) compensation increases that the President is recommending to the Board of Regents as part of the overall University budget. The FY’16 budget recommendation will be reviewed and considered for approval by the Board of Regents at two separate meetings in June 2015. Please use the parameters and information in this memo to guide your unit in preparing your budget and compensation for this year.

Employees affected by the information in this memo include:

• Faculty in the 94xx series, (excluding UMD and UMC faculty represented by UEA)
• Academic Professional and Administrative (97xx, 96xx, 93xx series)
• Civil Service
• Graduate Assistants

Guiding Principles for Compensation

• The University’s compensation system is governed by Board Policy: Employee Compensation and Recognition, which includes principles addressing competitiveness, merit, and equity.
• President Kaler has articulated his expectation that all faculty and staff, who are not covered by a collective bargaining agreement, will receive compensation increases based upon merit.

Instructions for Compensation Increases

• Through the budget/compact process for FY’16, units have been asked to plan for the changing fringe benefit rates and a 2.0% increase to their total base salaries for faculty and staff. Planning for this compensation pool does not imply that any individual is entitled to a 2.0% increase, or that 2.0% is the average increase that should be awarded. Based on merit considerations, some individuals may receive a compensation increase less than 2.0% and some may
receive more, but the budget plan should allow for an overall increase in salaries for these employee groups of 2.0%. This amount should be distributed to employees in accordance with the unit’s written compensation plan and based on merit. This amount would be above and beyond any increases required for an individual by the Job Family Study.

- Chancellors, vice presidents, and deans may exceed the 2.0% planned pool increase only if there is a need to address documented market challenges or exceptional performance results, and their budgets permit it. Proposed increases in the total pool greater than 2.0% may be distributed as recurring base adjustments, non-recurring adjustments, or a combination of both.

- There may be an academic unit (college or campus) that cannot meet the expectations of delivering a recurring increase in the overall compensation pool of 2.0% due to significant financial stress. For purposes of this provision, significant financial stress will include documented permanent loss of revenues and/or a recurring structural budget deficit, and insufficient carry-forward funds. In these cases, the college or campus may propose a less costly compensation plan for their faculty, P&A and/or civil service employees. The alternative plan and supporting documentation regarding the college or campus’s significant financial stress must be detailed in the unit’s budget/compact submissions, or a supplement to those materials. Final submissions must be dated no later than April 3, 2015. The alternative compensation plan may be proposed for FY’16 only, not for subsequent years. A written response to proposals will be sent from the Budget Office based on a final decision by the President and in time for implementation of increases for FY’16.

- A written compensation plan is required from each unit. This plan should be consistent with your budget/compact materials where applicable and should be submitted to Vice President for Human Resources Kathryn Brown by May 31, 2015. The one-page written compensation plan should include the following components:
  o A description of any extraordinary market competition or exceptional performance that requires overall increases in excess of the 2.0% plan. This will need to be accompanied by documentation of completed performance reviews for all employees.
  o Rationale for any individual increase over 5%, including data driven documentation of market comparisons.
  o A summary of any alternative plans proposed for compensation submitted through the budget/compact process.

- Your unit’s compensation plan and procedures must comply with:
  o University’s Faculty Compensation Policy
    http://www.policy.umn.edu/Policies/hr/Compensation/FACULTYCOMPENSATION. html
  o Academic Professional and Administrative Staff Compensation
    http://policy.umn.edu/Policies/hr/Compensation/ComPPA.html
  o Civil Service Rules
    http://www1.umn.edu/ohr/policies/governing/civilrules/index.html

- Your unit’s procedures for determining salary increases must take into consideration internal and external market equity, and must be done in a non-discriminatory manner. Compensation adjustments for faculty must also comply with the Salary Equity Review Process established by the Vice Provost for Faculty and Academic Affairs.
• Merit review and annual increase processes should be completed by the end of the fiscal year FY’15 and salary increases should be reflected in the new base pay rates for FY’16.

• University policy requires annual written performance evaluations for all employees. Each unit is required to record the dates of all completed performance reviews in PeopleSoft.

• For Faculty, P&A, Civil Service, and Graduate Assistants, existing salary floors or pay range minimums and maximums will be increased by 2% effective June 15, 2015.

Structured Promotional Salary Increases

In addition to annual increases some individuals may receive structured promotional increases during the FY’16 fiscal year. Guidelines for these promotions are provided below.

For faculty
Base salary increases for faculty receiving promotions or tenure may not be less than the amounts shown below

- Assistant professor without tenure to associate professor with tenure - $3,100
- Assistant professor with tenure to associate professor with tenure - $3,100
- Associate professor without tenure to associate professor with tenure - $3,100
- Associate professor without tenure to professor with tenure - $4,000
- Associate professor with tenure to professor with tenure - $4,000

Promotions for non-regular faculty (e.g. appointment types A, U, I, K, J)
Promotional increases are awarded at the unit’s discretion. Increases must be consistent with your unit’s past practices, and may not exceed the increases provided to regular faculty, and must be implemented in a non-discriminatory manner.

For P&A staff
Base salary increases for those receiving promotions and/or continuous appointments may not be less than the amounts shown below:

- The standard increase to base salary for continuous appointment is $3,100. If a staff member receives both a promotion and continuous appointment, the increase also may not be less than $3,100.

Questions: Please direct questions about your FY’16 Compensation Plan and implementation to your human resources consultant (http://www1.umn.edu/ohr/er/consultants/index.html).

KH/KFB

NOTE: Further implementation instructions to follow.