

UNIVERSITY OF MINNESOTA



Crookston • Duluth • Morris • Rochester • Twin Cities

Office of the Senior Vice President
for Finance and Operations

301 Morrill Hall
100 Church Street S.E.
Minneapolis, MN 55455

MEMORANDUM

TO: Chancellors, Vice Presidents, Vice Provosts, and Twin Cities Campus Deans

FROM: Karen Hanson, Executive Vice President and Provost 
Brian Burnett, Senior Vice President for Finance and Operations 

DATE: May 22, 2018

RE: Fiscal Year 2019 Compensation Planning Instructions

After reviewing economic trends, budgetary realities, and our academic aspirations, we are proposing the following merit increase guidelines for Fiscal Year 2019 which runs July 1, 2018 through June 30, 2019. All increases should be made effective June 11, 2018.

Included are details regarding:

- Salary increase percentage and submission of your Fiscal Year 2019 Compensation Plans
- Increases to salary range minimums (including salary floor), midpoints and maximums
- Structured promotional increases

The information in this memo applies to the following employee groups:

- Faculty in the 94xx job code series at Twin Cities, UM Morris and UM Rochester
- Academic Professional and Administrative (93xx, 96xx and 97xx series)
- Civil Service
- Graduate Assistants

Please note that these guidelines do not apply to:

- Employees covered by collective bargaining agreements. These groups have compensation plans negotiated into their collective bargaining agreements.

2.0% Merit Increase Pool Being Recommended to Board of Regents

The University of Minnesota is incorporating a 2.0% merit increase pool in the President's Recommended Operating Budget for Fiscal Year 2019. This merit pool must be calculated by taking 2% times the total base salaries of eligible faculty and staff within a unit (those noted above). The total dollar amount awarded in merit increases cannot exceed that 2% pool.

The President's Recommended Budget, including the proposed merit increase, will be brought for Board of Regents' action at their June meeting. The budget, and therefore the merit pool, is not finalized until approved by the Board of Regents. If the Board of Regents makes any change in the merit increase pool, we will notify you immediately with further direction. Any communications to employees should be held until the final approval by the Board of Regents. If you find it is imperative to send communications prior to this final approval, all communications should state that the increase is contingent upon final approval of the budget by the Board of Regents in June.

President Kaler has articulated his expectation that all faculty and staff who are not covered by a collective bargaining agreement should receive compensation increases based on individual merit, as opposed to receiving the same "across-the-board" increase. This means that within each unit, managers should allocate their increases such that each individual employee may actually see merit increases that can vary significantly (anywhere from 0% to beyond 2%) based on their performance.

Although it is harder to make meaningful distinctions in pay with a 2.0% merit pool, there are still tactics that can be used to effect differential pay increases for strong performers. Please read "[Merit Pay Increases – Design Options for Small Merit Pools](#)" on the OHR website for more information.

The annual increase process should be completed by the end of Fiscal Year 2018, and salary increases should be reflected in the new base pay rates for Fiscal Year 2019. University policy requires annual written performance evaluations for all employees. Each college/unit is required to record in PeopleSoft the dates of all completed performance reviews.

2.0% Increase to Salary Ranges and Floors

Effective June 11, 2018, which is the first day of the first pay period of Fiscal Year 2019, the salary range minimums, midpoints and maximums, as well as the salary floors for positions that have not been moved into formal ranges, will increase by 2%.

Guidelines for Compensation Planning

The University of Minnesota is a complex organization, and our campuses, colleges and support units have a variety of needs and challenges. Each campus/college/support unit (Resource Responsibility Center – RRC) is asked to determine for itself an optimal strategy for awarding the 2.0% salary increase.

A written compensation plan is required from each RRC and **must be submitted, as directed below, by June 15, 2018**. You will be notified within a week of any questions or concerns about your submitted plan. If you do not hear from us within a week, you may assume your compensation plan has been approved.

- Colleges and other academic RRCs should submit their compensation plans to Karen Hanson, Executive Vice President and Provost, at provost@umn.edu.
- System campuses and Twin City-based support units should submit their plans to Brian Burnett, Senior Vice President for Finance and Operations, at svpfo@umn.edu.

Please ensure that your compensation plan:

- Is consistent with your Fiscal Year 2019 communicated allocations or budget allocation letter from the Office of Budget and Finance;
- Describes any extraordinary situation that requires an overall different pool in excess of 2.0% or below 2.0%. See the section below titled, “Special Instructions if Requesting a Higher or Lower Salary Increase Pool” if you need any alternative salary increase percentage. These will need pre-approval by June 4, 2018;
- Provides a rationale for any individual increase over 5%, along with documentation of market comparisons;
- Summarizes any alternative plans proposed for compensation that were submitted through the budget process, including proposals to provide increases less than 2%, if those plans were approved;
- Takes into consideration internal and external market equity and is implemented in a non-discriminatory manner;
- Complies with the following policies and rules:
 - Faculty Compensation: Twin Cities, Morris and Rochester
<https://policy.umn.edu/hr/facultycompensation>
 - Compensation for Academic Professional and Administrative Employees_
<http://policy.umn.edu/Policies/hr/Compensation/COMPPA.html>
 - Civil Service Employment Rules_
https://humanresources.umn.edu/sites/humanresources.umn.edu/files/wau008-01_civil_service_employment_rules.pdf

Special Instructions if Requesting a Higher or Lower Salary Increase Pool

Units cannot deliver a merit increase pool that exceeds or falls short of the planned 2% merit pool (regardless of funding source) unless a formal proposal has been approved as part of the unit’s budget/compact oversight submissions. Any proposals submitted through that process have been reviewed and a final decision by the President has been communicated by the Budget Office in time for implementation of Fiscal Year 2019 increases.

Other Forms of Salary Increases

In addition to annual increases, some individuals may receive other forms of increases during Fiscal Year 2019. It is important to note that the base salary 2% pool excludes increases required to bring salaries to the new salary range minimums and floor minimums, as well as any increases related to equity adjustments, promotions, retention offers and other forms of pay increases. Increases for these reasons must be approved through standard procedures, will add cost on top of the base salary 2% pool and must be tracked separately.

Guidelines for promotional increases are below:

For regular faculty

Base salary increases for faculty receiving promotions or tenure may not be less than the

following amounts:

- 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

Promotional increases for non-regular faculty are awarded at the unit's discretion. Increases must be consistent with your unit's past practices, may not exceed the increases provided to regular faculty, and must be implemented in a non-discriminatory manner.

Questions

If you have questions concerning the development or implementation of your Fiscal Year 2019 Compensation Plan, please contact your Human Resources Consultant. A list of consultants for each college can be found at:

<http://www1.umn.edu/ohr/er/consultants/index.html>.

KH/KFB/jl

c: Eric W. Kaler, President
Kathryn Brown, Vice President, Human Resources