

UNIVERSITY OF MINNESOTA

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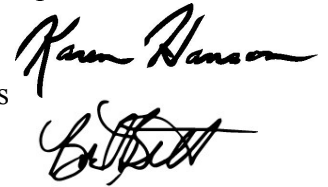
Office of the Senior Vice President
for Finance and Operations

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: April 11, 2019

RE: *Fiscal Year 2020 Compensation Planning Instructions*

After a review of economic trends, budgetary realities, and our academic aspirations, we are proposing the following merit increase guidelines for fiscal year 2020 (July 1, 2019 – June 30, 2020). All increases should be made effective June 10, 2019.

Included are details about:

- Salary increase percentage and submission of your Fiscal Year 2020 Compensation Plan
- Increases to salary range minimums (including salary floors), 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 UM Rochester, UM Morris and the Twin Cities
- Academic Professional and Administrative (93xx, 96xx and 97xx series)
- Civil Service
- Graduate Assistants

These guidelines do not apply to:

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

2.25% Merit Increase Pool Being Recommended to Board of Regents

Mindful of budget constraints, the University of Minnesota is currently planning a 2.25% merit increase pool in the President's recommended operating budget for fiscal year 2020. This merit pool must be calculated by taking 2.25% times the total base salaries of eligible faculty and staff (those noted above) within a unit. The total dollar amount awarded in merit increases cannot exceed that 2.25% pool at the Resource Responsibility Center (RRC) level.

The President's recommended budget, including the proposed merit increase, will be brought for Board of Regents review and action at two separate meetings during the month of June. 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. 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.

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 2.25%) based on their performance. Please read [“Merit Pay Increases – Design Options”](#) on the OHR website for ideas on how to structure your merit pay pool.

The annual increase process should be completed by the end of fiscal year 2019, and salary increases should be reflected in the new base pay rates for fiscal year 2020. 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.

2.25% Increase to Most Salary Ranges and Floors

Effective June 10, 2019, which is the first day of the first pay period in fiscal year 2020, 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 2.25%. The only exceptions are the salary ranges for the Human Resources, Finance, Audit and Campus Operations job families. The salary ranges within these families have been refined to match the market more closely and will be adjusted each January to reflect the market.

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 (RRC) is asked to determine for itself an optimal strategy for awarding the 2.25% salary increase.

All compensation plans must be consistent with your fiscal year 2020 communicated allocations from the Office of Budget and Finance, and must comply with the following:

- University’s Faculty Compensation Policy
<https://policy.umn.edu/hr/facultycompensation>
- Academic Professional and Administrative Staff Compensation
<https://policy.umn.edu/hr/comppa>
- Civil Service Rules
<https://humanresources.umn.edu/union-relations/contracts>
- Takes into consideration internal and external market equity and is implemented in a non-discriminatory manner.

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 2.25% merit pool (regardless of funding source) unless a formal proposal has been approved as part of the unit’s budget/compact oversight submissions or you have submitted for approval a compensation plan proposal based on either of the following:

- an extraordinary situation that requires an overall increase pool in excess of 2.25% or below 2.25%.
- an extraordinary situation that requires an individual increase over 5%, (provide a rationale along with documentation of market comparisons).

Proposals must be submitted by May 10, 2019 to either Executive Vice President and Provost Karen Hanson or Senior Vice President for Finance and Operations Brian Burnett, dependent on your reporting line. Any proposals submitted by May 10 will be reviewed and a final decision by the President will be communicated by the Budget Office in time for implementation of fiscal year 2020 increases.

Other Forms of Salary Increases

In addition to annual increases, some individuals may receive other forms of increases during fiscal year 2020. It is important to note that the base salary 2.25% 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 2.25% 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 2020 Compensation Plan, please contact your human resources consultant. A list of consultants for each college can be found at: <http://humanresources.umn.edu/employee-relations/hr-consultants>.

- c: Eric W. Kaler, President
- Kathryn Brown, Vice President, Human Resources
- Kenneth Horstman, Senior Director, Total Compensation