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

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

Re: Fiscal Year 2017 Compensation Planning Instructions

Date: April 18, 2016

The University of Minnesota must be able to attract and retain top talent in order to sustain and enhance a great university. After a review of economic trends with the Office of Human Resources, the President has proposed salary increase guidelines for fiscal year 2017 (July 1, 2016 – June 30, 2017). Those guidelines are outlined in this memo, including details about:

- Merit increase pool & submission of your Fiscal Year 2017 Compensation Plan
- Increases to salary range minimums, midpoints and maximums (including salary floors)
- Structured promotional increases

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.

Employees affected by the information in this memo include:

- 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

2.5% Merit Increase Pool Recommended

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 merit. This is a critical strategy to help reward those who are making important contributions to our institution and the fulfillment of our mission.

The University of Minnesota is incorporating a 2.5% merit increase pool in the President’s recommended operating budget for fiscal year 2017, calculated on total base salaries for eligible faculty and staff (as outlined at the top of this memo). The budget, including the final merit increase, will be brought for Board of Regents review in May and approval in June. If the Board of Regents makes any change in the merit increase pool, we will notify you immediately with further direction. The merit review and annual increase process should be completed by the end of fiscal year 2016, and salary increases should be reflected in the new base pay rates for fiscal year 2017. 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.

Please read “Merit Pay Increase Considerations & Options” (DOCX) on the OHR website to better understand key requirements of your merit program and various ways that merit increases can be awarded.
Guidelines for Compensation Planning

The University of Minnesota is a complex organization, and our colleges and support units have a variety of expectations and challenges. Each college/unit is asked to determine for itself an optimal strategy for awarding the 2.5% salary increase.

A written Compensation Plan is required from each college/unit and must be submitted by May 31, 2016.

- Colleges and other academic RRCs should submit their Compensation Plan to Karen Hanson, Executive Vice President and Provost, at provost@umn.edu.
- Administrative/Support Units should submit their plan to Kathy Brown, Vice President of Human Resources, at ohrvp@umn.edu.

(Please note that you will be notified within a week if there are 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.)

Please ensure that your Compensation Plan:

- Is consistent with your FY17 budget allocation letter from the Office of Finance, where applicable.
- Describes any extraordinary market competition or exceptional performance that requires an overall increase pool in excess of the 2.5% plan.
- Provides a rationale for any individual increase over 5%, including documentation of market comparisons.
- Summarizes any alternative plans proposed for compensation that were submitted through the budget process.
- Complies with these policies and rules:
  - University’s Faculty Compensation Policy: http://www.policy.umn.edu/Policies/hr/Compensation/FACULTYCOMPENSATION.html
  - Academic Professional and Administrative Staff Compensation: http://policy.umn.edu/Policies/hr/Compensation/COMPPA.html
- Takes into consideration internal and external market equity and is implemented in a non-discriminatory manner.

2% Increase to Salary Ranges & Floors

Effective June 13, 2016, which is the first day of the first pay period in fiscal year 2017, 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 2.0%. After these adjustments are made, any minimums that are still below $15.00 per hour will be adjusted to $15.00 per hour, to support the U of M’s ongoing commitment to providing living wages. The only exception to this practice will be the range minimum for Residential Life Professional II’s, because these employees are provided housing as part of their total compensation package.

Structured Promotional Salary Increases

In addition to annual increases, some individuals may receive structured promotional increases during fiscal year 2017. Guidelines for these promotional increases are below.
For 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 2017 Compensation Plan, please contact your human resources consultant. A listing of consultants for each college can be found at http://humanresources.umn.edu/employee-relations/hr-consultants.