Western Michigan University
Staff Compensation System: Administrative Guidelines
Effective July 1, 2015

Purpose

These compensation administrative guidelines have been developed to provide guidance to leaders and managers at Western Michigan University (WMU) with respect to compensation and related issues for Staff Compensation System employees. The guidelines are meant to address the typical types of decisions that managers and leaders are faced with in managing compensation on a day-to-day basis and are to be administered consistently across the University.

Although not all inclusive, the guidelines address the most common compensation decision points.

Governance

The Staff Compensation System executive committee is responsible for oversight of the application of these administrative guidelines, including any adjustments to the guidelines themselves. This committee is comprised of WMU’s president, vice presidents, director of Intercollegiate Athletics and chief human resources officer.

The implementation of any compensation practices outside these guidelines requires approval from the divisional vice president and the chief human resources officer.

External Competitiveness and Internal Equity Considerations

A market-based structure was developed for WMU. However, it is important to note the market for a job is not a single point; it is a range. The salary structure and salary ranges are designed to represent the external market. The salary ranges at WMU reflect the range of pay in the market. Each salary range represents a range of pay opportunity for the jobs assigned to that range.

In determining compensation opportunities, WMU considers the external market value for each job, to the extent market data are available. WMU strives to ensure our jobs are appropriately calibrated to the external market. Both external competitiveness and internal equity are important. The placement of jobs into the salary structure is a balance of external (market) and internal equity considerations.

Salary Structure

WMU intends to pay all eligible staff within the salary grades. However, during implementation or changes to the salary grades, there may be an initial period during which the pay rates of some staff may fall below or above the ranges. WMU will move staff below minimum to the minimum pay rates as soon as is practicable, as determined by the Staff Compensation System executive committee. Timing may be

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1 Revised May 2016, with approval from the Staff Compensation System executive committee. All revisions appear on pages 5 and 6.
contingent upon budget and other considerations. Pay rates for staff whose current pay rates exceed the maximum of their pay ranges will not be reduced.

Salary Structure Maintenance

The salary structure will be reviewed periodically to determine whether a salary range adjustment is needed. If warranted, adjustments will be applied based on predominant market trends, as determined by annual published salary increase surveys and WMU’s financial position.

Typically, a salary structure adjustment will be made at the same time as mass salary increases are implemented. The salary increases will be applied prior to the structure adjustment to minimize the need for “to minimum” increases to staff pay levels. This approach will reduce compression.

When appropriate, WMU may market price one or more jobs on an ad-hoc basis to determine whether external labor pressures warrant changing the current grade assignments and whether out-of-cycle market adjustments to individual pay levels are needed. Approvals for requests for market studies are required by the appropriate vice president and the chief human resources officer.

Certain benchmark jobs may be compared to the market on an annual basis. The benchmarks will be selected based upon market pressures, number of incumbents, and overall representation of jobs across the University. It is expected that a more thorough review of all jobs will occur at least every two to three years.

WMU HR will participate in salary surveys on a regular, ongoing basis. The University will only participate in surveys conducted by a reputable third party.

Salary Increases

Each year, WMU will determine the amount of its annual salary increase budget based on market trends and WMU’s financial position.

Newly-hired staff are eligible to receive a base pay increase, provided they have worked at least three months prior to the end of the performance period.

Eligibility for base rate increases is limited to those who are employed and in good standing on the day the base rate increases are paid.

In the following circumstances, staff may not receive a base rate increase:

- Any staff member who is rated unsatisfactory or is on corrective action or a written performance improvement plan will not be eligible for a base rate or lump sum increase.

- Staff member whose current pay is greater than range maximum will not be eligible for a base rate increase.

- Any staff whose base rate exceeds the maximum of their assigned grade will be considered to be “red circled.” Red circled staff will not be eligible for any base rate increase until their base rate falls within the assigned grade as a result of regular adjustments to the salary structure.
- A red circled staff member may be eligible to receive a lump sum salary increase provided their individual performance level meets expectations. A lump sum salary increase will be paid out by the pay period following that pay period the salary increases are effective; however the lump sum salary increase will not be applied to the base rate. It will be a one-time lump sum payment only. The base rate will not change.

- Each year, the Staff Compensation System executive committee team will determine whether lump sum salary increases will be provided and the method for their application.

- A lump sum salary payment may be based upon a percentage of the employees’ base salary or a flat amount to all eligible employees.

- Staff must be in active status on the salary increase effective date to receive a lump sum payment.

- Staff on leaves of absence are not eligible for base rate/lump sum increases; however, a salary increase may be provided when a staff member returns from the leave.

- The base rate increase will be effective on the date of return. Lump sum increases will be applied no later than the first pay period following their return.

- Types of leave include but are not limited to family and medical leave, unpaid sick leave of absence, and military duty.

- A salary increase may take the base rate of an employee above the maximum of the pay range. However, no future increases to base rate will be allowed as long as the employee’s base rate remains above that grade maximum.

**New Hire Base Rate Levels**

For new staff hires, placement within the first half (up to the midpoint) of the appropriate salary grade should be determined based upon the applicant’s job history and qualifications and with consideration for the value of the University’s benefits package.

In establishing hiring base rate levels, consideration should also be given to internal equity, specifically the base rate levels of similarly qualified and/or more experienced staff in the same or similar job(s). Hiring departments should consult with Human Resources when determining appropriate hiring base rate levels and considering internal equity.

In summary, the following factors shall be considered in determining new hire base rate levels:

- Salary range of the job and the new hire’s position in range.

- Pay rates of other incumbents in the same or similar job(s), both within the hiring department and University wide.

- Value of the University’s benefit program when considering the applicant’s salary history.
Qualifications of the individual versus qualifications of incumbents in the same or similar job(s) in the hiring department and across WMU.

Availability of funding.

Vice presidents have the discretion to designate division-wide new hire base rate levels for their division. Absent a specific designation to the contrary, the following guidelines apply:

- New hire base rate levels up to and including the midpoint of the pay range may be approved at the department-head level. In the case of Academic Affairs, approval of new hire base rates up to and including the midpoint must be approved at the dean or associate provost level. Those offers will be reviewed and approved by Human Resources.

- Offers above the midpoint of the salary range must be made based upon market demands and/or high performance/proficiency in the job role and require approval from the divisional vice president and the chief human resources officer.

Equity Adjustments

An equity adjustment is an adjustment to the base rate of one or more staff to ensure equity with the base rate of a new hire. Equity adjustments may also be used to address other internal equity concerns. Equity adjustments must be approved by the divisional vice president and the chief human resources officer.

Promotions

A promotion is the movement of an individual to a job with greater responsibility. This movement may come through a transfer to a different position, through the re-evaluation of the individual’s existing position or through a discretionary pay adjustment. In the case of re-evaluation, promotional movement may occur within the same grade or with moving the position to a higher grade.

An increased workload does not necessarily result in a promotion.

To ensure promotions support WMU’s compensation philosophy,

- Promotions should be internally equitable (with supervisor, direct report, peer relationships, and other internal comparisons).

- Promotional recommendations should reward the individual’s performance, contribution, experience, and expertise.

- Promotional base rate recommendations should be consistent across the entire University.

Promotions are usually accompanied by a base rate increase as follows:

- If the promotion occurs at the same time as a mass salary increase is being given, calculate the mass salary increase first.

- Promotional increases up to 10% can be approved at the department-head level. In the case of Academic Affairs, promotional increases up to 10% must be approved at the dean or associate
provost level. Promotional increases above 10% require approval from the divisional vice president and the chief human resources officer.

- Should the individual's pay rate still be below their new range minimum, the new rate of pay should be moved to the minimum of the new pay range.

- In determining the increase, the individual’s position in the current and new grades and the amount of time since last increase may be considered. Pay rates of other incumbents in the job, both within the department and University wide should also be considered.

- In rare instances, it may be appropriate to grant a promotion without an accompanying increase in base rate. This may be considered when the current pay level is at or above the midpoint of the new salary range.

Demotions

A demotion may occur for the following reasons:

- Re-assignment to a job with less (but different) responsibilities to enhance overall University, division, or department performance, as in the event of a reorganization

- Performance-based demotions due to inadequate performance

- Voluntary (staff-initiated demotions)

Treatment of base rate due to demotions is as follows:

- Re-assignment demotions that occur for non-performance reasons may not result in the individual’s base rate being reduced; however, the individual’s performance must meet expectations.

- Performance-based and voluntary demotions will may result in the individual’s base rate being reduced. The amount of reduction, if any, will depend upon the staff member’s current pay rate and current and new grade along with any internal equity considerations.²

- If a voluntary demotion is approved and occurs within 6 – 12 months of a promotional increase, and the individual returns to their previous position, the promotional increase provided at the time of the original promotion will be reversed.

- Approval from the appropriate vice president and the chief human resources officer is required for all pay decisions resulting from demotions.³

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² Revised May 2016, underlined text added. Revision clarifies how the demotion language has been applied since July 2015, giving the vice president and chief HR officer more flexibility for unique situations.

³ Revised May 2016, underlined text added. Revision clarifies that the job evaluation committee may evaluate a job as being in a lower pay grade without the approval of a vice president and chief HR officer. It is simply the associated pay decision that must be approved at this higher level. See additional details under Job Evaluation Committees (footnote 5) below.
Lateral Transfers

A lateral transfer is the movement of an individual to another job within the same pay grade as their present job.

Lateral transfers are typically accomplished without an increase in base rate. However, on an exception basis resulting from changes in scope or complexity, an individual may be eligible for an increase. All increases associated with lateral transfers must be reviewed and approved by the appropriate divisional vice president and the chief human resources officer.

Job Evaluation Committees: Reevaluations and New Jobs

WMU has established two job evaluation committees, one for exempt positions and one for nonexempt positions, each comprised of both exempt and nonexempt staff members. The charter of the committees is to evaluate changed or new jobs to determine the appropriate grade while considering the hierarchy of jobs across the University. Each committee will establish a meeting schedule to meet the demands of the University.4

A job is eligible to be re-evaluated when its primary duties significantly increase or decrease in scope and complexity. An increased workload of the same or similar types of work does not necessarily qualify a job for re-evaluation.

When a job change occurs as described above, a manager may seek vice presidential authorization for the job to be re-evaluated. Once vice presidential authorization is received, the incumbent will complete the job content tool and the direct manager will review the tool and sign off. The direct manager will forward the job content tool to Human Resources for assignment to the appropriate job evaluation committee.

The job evaluation committee may evaluate the job as being (1) in the same grade (2) in a higher grade or (3) in a lower grade. If the committee evaluates the job as being in the same grade, the committee will determine whether the change in job responsibilities are significant enough to warrant a promotional increase. The committee will communicate their findings to Human Resources. Human Resources will communicate the evaluation results to the manager.

In the event the job is evaluated into a higher grade or remains in the same grade but has a change in responsibilities significant enough to warrant a promotional increase, Human Resources will work with the manager to recommend an appropriate base rate increase, according to the promotional guidelines and approval process referenced in “Promotions” above. In the event the job is evaluated into a lower grade, Human Resources will work with the manager to recommend any base pay adjustment according to the guidelines and approval process referenced in “Demotions” above.5

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4 Revised May 2016, underlined text added. Job evaluation committee members unanimously recommended this blended committee structure, which was followed on a trial basis for 6 months. After the trial period, committee members unanimously recommended to continue with two blended committees on permanent basis.

5 Revised May 2016, underlined text added. Details regarding the pay administration process for jobs evaluated into a lower grade were inadvertently omitted from the original document.
If more than one individual is classified in the position (i.e., jobs with multiple incumbents), the salaries of all staff impacted by the re-evaluation would then be reviewed to determine eligibility for a base rate adjustment. In making this determination, the following factors should be considered:

- The position in range of each individual’s base rate (if base rate is at or above midpoint of the new range, then an individual is not typically considered for a base rate increase).
- An individual’s performance must meet expectations to receive an increase.
- The date of the last or next scheduled increase should be considered.

Typically, a job may only be reevaluated once during a 12 month period. Additional re-evaluations require approval from the appropriate divisional vice president and the chief human resources officer.

Job evaluation committees’ recommendations may be appealed to the divisional vice president and the chief human resources officer. The resulting appeal decision will be the final step in the appeal process.

**Job Titles**

While the job evaluation committee may make recommendations for job titles for new or re-evaluated positions, final decisions regarding job titles are made by divisional vice presidents in consultation with Human Resources and according to WMU’s Job Title Guidelines.

**Professional/Job Code Group Movement**

Some staff are classified in positions which are part of a professional/job code group, where there are multiple positions in one or more departments that are assigned the same job title and grade. Market pressures or significant campus-wide changes in a professional/job code group may require moving the pay grade for the entire professional/job code group.

Each year, during the final quarter of the fiscal year, the Staff Compensation System executive committee will consider the need for professional/job code group movement. Movement will only be considered during that time frame to ensure professional/job group progressions meet business needs for higher level work and are addressed consistently and equitably.

The department(s) employing incumbents in a professional/job code group must have a need for higher work for the movement to occur. If the department(s) has/have a need for higher level work, as documented in an approved written request to the appropriate vice president(s), professional/job code group movement may be considered.

Job group movement typically results in a promotion for all incumbents holding positions in the affected professional/job code group. Guidelines for promotional increases should be followed to determine the appropriate base rate increase for professional/job code group movement.
Out-of-Cycle Market Adjustments

An out-of-cycle market adjustment will be considered when the market for an individual job has increased so substantially as to warrant an out-of-cycle market adjustment for the job, for example, when labor pressures create attraction and/or retention issues for the job at WMU.

The salaries of all staff impacted by the increase in market value and/or grade (i.e., jobs with multiple incumbents) would then be reviewed to determine eligibility for a base rate adjustment. In making this determination, the following factors should be considered:

- The position in range for each individual’s base rate (if base rate is at or above the midpoint of the new range, then the individual is not typically considered for a base rate increase).
- An individual’s performance must meet expectations to receive an increase.
- The date of the last or next scheduled increase.

Approvals from the divisional vice president and the chief human resources officer are required in such situations.

Discretionary Pay Adjustments

Pay increases may be granted in other circumstances at the discretion of a divisional vice president. All such increases must be reviewed by the chief human resources officer for purposes of internal equity and must be approved by the appropriate vice president. The president reserves the right to review and approve discretionary pay adjustments.

Communication

WMU’s communication approach to staff compensation will be open and transparent. It is our desire to provide leaders, managers, and staff with as much information as possible. The salary structure will be posted on WMUs web site along with other relevant compensation-related information. Internal job postings will include the job title, job summary, and salary grade.