

Western Michigan University

Staff Compensation System: Administrative Guidelines

Effective July 1, 2015¹

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 leaders and managers 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 President's Cabinet and chief human resources officer are responsible for oversight of the application of these administrative guidelines, including any adjustments to the guidelines themselves.

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

WMU strives to offer pay that is competitive with those of comparable organizations for jobs of similar responsibility in order to attract, retain, and motivate staff. As such, WMU utilizes a market-based pay structure. It is important to note the market for a job is not a single point; it is a range. The pay structure and pay ranges are designed to represent the external market. The pay ranges at WMU reflect the range of pay in the market. Each pay 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 pay structure is a balance of external (market) and internal equity considerations.

Pay Structure

The WMU pay structure consists of pay grades and ranges that reflect the range of pay in the external market. WMU intends to pay all eligible staff within the pay grades. However, during implementation or changes to the pay 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

¹ Revised May 2016, with approval from the Staff Compensation System executive committee. Revised May 2023, with approval from the President's Cabinet.

is practicable, as determined by President's Cabinet and the chief human resources officer. Timing may be 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.

Pay Structure Maintenance

The pay structure will be reviewed periodically to determine whether a pay range adjustment is needed. If warranted, adjustments will be applied based on predominant market trends, as determined by annual published pay increase surveys and WMU's financial position. These adjustments do not change the grade to which jobs are assigned and do not result in automatic changes to individual employee pay.

Typically, a pay structure adjustment will be made at the same time as mass pay increases are implemented. The pay 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 three to five years.

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

Annual Pay Increases

As part of WMU's commitment to offer competitive pay, WMU offers annual pay increases, contingent upon available budget. Each year, WMU will determine the amount of its annual pay 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 effective date of the pay increase.

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.

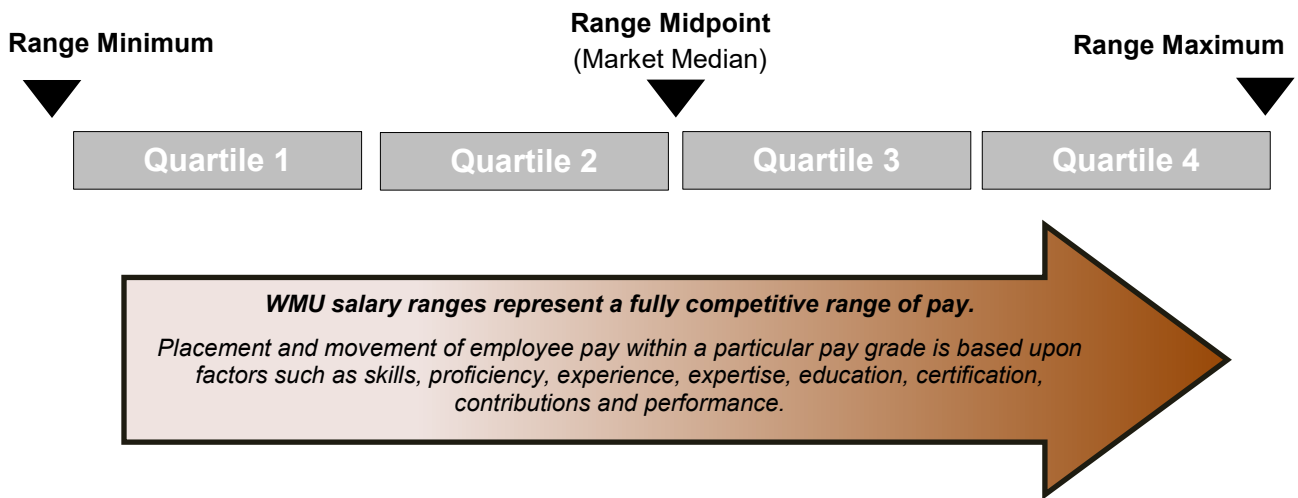
- Any staff whose base rate exceeds the maximum of their assigned grade will be considered to be “red circled.” Red circled staff will not be eligible for any base rate increase until their base rate falls within the assigned grade as a result of regular adjustments to the pay structure.
- A red circled staff member may be eligible to receive a lump sum pay increase provided their individual performance level meets expectations. A lump sum pay increase will be paid out by the pay period following that pay period the pay increases are effective; however, the lump sum pay 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 President’s Cabinet and chief human resources officer will determine whether lump sum pay increases will be provided and the method for their application.
- A lump sum payment may be based upon a percentage of the employees’ base pay or a flat amount to all eligible employees.
- Staff must be in active status on the pay 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 pay 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 pay 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.

Setting Base Pay Levels for New Hires and Promotions

The goal in establishing base pay levels is to pay employees within the appropriate quartile of the pay range based upon factors such as skills, proficiency, experience, expertise, education, certification, contributions and performance. As noted above, the entire pay range for each grade is considered to be market-competitive.

The model below serves as a guide to assist leaders and managers in establishing appropriate new hire and promotional pay rates. Employees should be paid within their job’s pay range based on the factors listed. It is expected that pay rates will increase within the range over time based upon these same factors.

New hires and newly promoted employees should only be paid at grade minimum if they have no prior experience in the job.



Other factors to consider when setting base pay levels include,

- Internal equity, specifically base pay and qualifications of other employees holding the same or similar jobs, within the department, executive division, and University-wide.
- Value of the University's benefits program.
- Availability of funding.
- For promotional increases, the individual's position in the current and new grades and the amount of time since last increase may be considered.

New Hire Base Rate Approvals

New hire base rate levels up to and including the midpoint of the pay range may be approved at the dean, associate provost, or assistant vice president level, in consultation with Human Resources.

Offers above the midpoint of the pay 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.

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. Performing more of the same or similar work is not considered a promotion.

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

- If the promotion occurs at the same time as a mass pay increase is being given, calculate the promotional increase first.
- Promotional increases up to and including 10% can be approved at the dean, associate provost, or assistant vice president level, in consultation with Human Resources. Promotional increases above 10% require approval from the divisional vice president and the chief human resources officer.
- 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 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; factors such as skills, proficiency, experience, expertise, education, certification, contributions and performance; and any internal equity considerations.
- 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.

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: Re-evaluations and New Jobs

WMU has established job evaluation committees, each comprised of both exempt and nonexempt staff members. The charter of the committees is to evaluate changed or new jobs, when market data is not available, in order 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.

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 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. For new or otherwise vacant positions, the direct manager will complete the job content tool. The direct manager will forward the job content tool to Human Resources so that the job may be assigned to the appropriate pay grade based upon market data. If market data for the job does not exist, Human Resources will assign the job to a job evaluation committee for review.

The job evaluation committee will assign pay grades for new and existing positions for which market data is not available. The job evaluation committee may evaluate an existing job as being (1) in the same grade (2) in a higher grade or (3) in a lower grade. 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, any pay changes are governed by the "Setting Base Pay Levels for New Hires and Promotions" section above. In the event the job is evaluated into a lower grade, pay decisions will be governed by the "Demotions" section above.

If more than one individual is classified in the position (i.e., jobs with multiple incumbents), the pay of all staff impacted by the re-evaluation would then be reviewed to determine eligibility for a base rate adjustment. Pay decisions are governed by the "Setting Base Pay Levels for New Hires and Promotions" section above.

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

Decisions regarding official job titles are made by Human Resources in consultation with leaders and managers according to WMU's Job Title Guidelines. Final decisions regarding job titles rest with the divisional vice president and the chief human resources officer.

WMU utilizes "working titles" as unofficial job titles to be used informally for day-to-day business purposes, including business cards, email footers, name badges, office signage and stationery. Official

job titles are used for HR communications and data, including employment verifications and recognition programs; institutional reporting; and job postings. Working titles must be approved by the divisional vice-president and chief human resources officer.

Out-of-Cycle Market Reviews and Market Adjustments

An out-of-cycle market review 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.

When an individual job is part of a career pathway involving multiple levels of similar work, an out of cycle market review of all levels in the career pathway should be considered in order to preserve integrity of the career pathway.

The pay 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 market adjustment.
- 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.

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.

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 or deny 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 pay structure will be posted on WMU's web site along with other relevant compensation-related information. Internal job postings will include the job title, job summary, and pay grade.