

# Western Michigan University

## Staff Compensation System: Administrative Guidelines

### Effective July 1, 2015<sup>1</sup>

## 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 ~~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~~ **President's Cabinet and chief human resources officer** are ~~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 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. However, it~~ It is important to note the market for a job is not a single point; it is a range. The ~~salary pay~~<sup>2</sup> structure and ~~salary pay~~ ranges are designed to represent the external market. The ~~salary pay~~ ranges at WMU reflect the range of pay in the market. Each ~~salary 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 ~~salary pay~~ structure is a balance of external (market) and internal equity considerations.

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<sup>1</sup> Revised May 2016, with approval from the Staff Compensation System executive committee. All revisions appear on pages 5 and 6.

<sup>2</sup> Proposed revision, 2023. The recommendation to replace "salary" with "pay" in these guidelines is incorporated throughout the document to clarify these guidelines, in their entirety, apply to both SCS exempt/salaried and SCS nonexempt/hourly employees. Erroneous references to "salary" rather than "pay" have led to confusion about the applicability of provisions to the entire SCS population.

## Salary 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 salary pay grades. However, during implementation or changes to the salary 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 is practicable, as determined by President's Cabinet and the chief human resources officer. ~~the Staff Compensation System executive committee~~. 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.

## Salary Pay Structure Maintenance

The salary pay structure will be reviewed periodically to determine whether a salary pay range adjustment is needed. If warranted, adjustments will be applied based on predominant market trends, as determined by annual published salary 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 salary pay structure adjustment will be made at the same time as mass salary pay increases are implemented. The salary 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 **two to three to five years.**<sup>3</sup>

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

## Salary 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 salary pay increase budget based on market trends and WMU's financial position.

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<sup>3</sup> Proposed revision, 2023. Since the inception of the new staff compensation system in July 2015, WMU leadership has promised the campus community a "market update" every three to five years. The reference to "two to three" years was a typographical error that we missed in 2015 and have not yet corrected.

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 effective date of the pay increase.**<sup>4</sup>

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 pay** structure.
  - A red circled staff member may be eligible to receive a lump sum **salary pay** increase provided their individual performance level meets expectations. A lump sum **salary pay** increase will be paid out by the pay period following that pay period the **salary pay** increases are effective; however, the lump sum **salary 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 Staff Compensation System executive committee team** will determine whether lump sum **salary pay** 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 pay** or a flat amount to all eligible employees.
  - Staff must be in active status on the **salary 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 **salary 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.

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<sup>4</sup> Proposed revision, 2023. Revision reflects long-standing practice. Since the inception of the new staff compensation system in July 2015, the three months prior to the “end of the performance period” and the “effective date of the pay increase” have coincided. However, if WMU were to make changes to our performance period or to the traditional July 1 pay increase effective date, these dates would not necessarily correspond. The proposed revision clarifies that the intended relationship is between “hire date” and “pay increase effective date” which is how WMU’s pay implementation IT programs are coded.

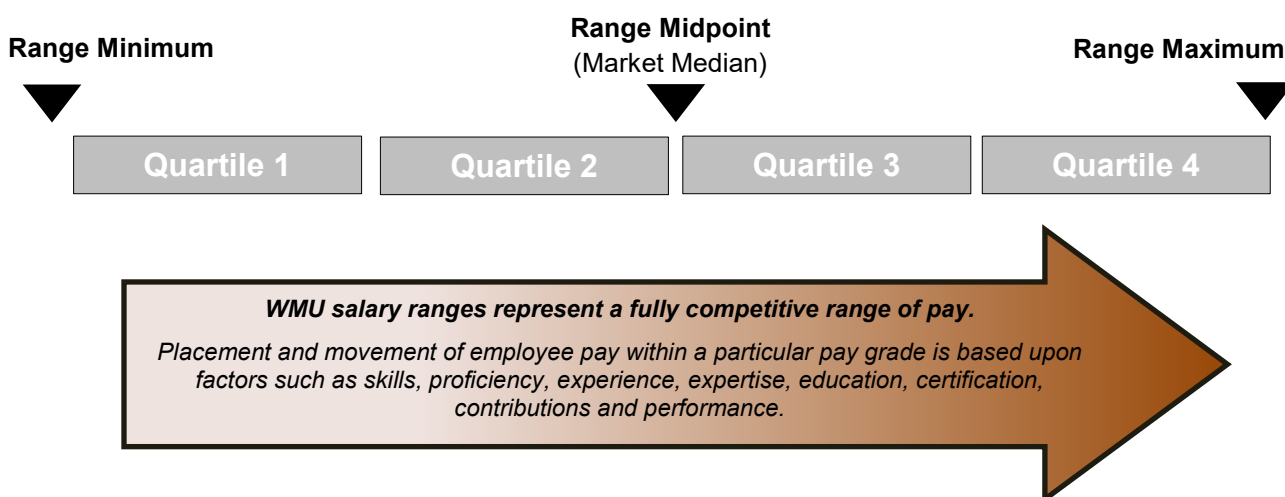
- A salary pay increase may take the base rate of an employee above the maximum of the pay range. However, no future increases to base rate will be allowed as long as the employee's base rate remains above that grade maximum.

## Setting Base Pay Levels for New Hires and Promotions<sup>5</sup>

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. ~~which should be set at least to pay grade minimum.~~



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 ~~when considering the applicant's salary history.~~<sup>6</sup>

<sup>5</sup> Proposed revision, 2023. This new section includes both new text (yellow highlight) and existing text pulled from the former "New Hire Base Rate Levels" and "Promotions" sections (not highlighted). Intent is to clarify factors to be taken into consideration when setting pay.

<sup>6</sup> Proposed revision, 2023. Revision enhances equity by eliminating/minimizing any bias inherent in past pay decisions.

- 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 Levels Approvals<sup>7</sup>

For new staff hires, placement within the first half (up to the midpoint) of the appropriate salary pay 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 Pay 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 pay 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 dean, associate provost, or assistant vice president level, in consultation with Human Resources. 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.<sup>8</sup>

Offers above the midpoint of the salary 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.

<sup>7</sup> Proposed revision, 2023. Most of the content of the text highlighted in green is now covered in the new "Setting Base Rate Levels for New Hires and Promotions" section above.

<sup>8</sup> Proposed revision, 2023. Revision intended to 1) align approval levels across executive divisions to enhance consistence and reduce administrative complexity, and 2) clarify that leadership is responsible for pay decisions in consultation with Human Resources, as opposed to **requiring** HR approval for pay decisions that are within guidelines.

## Promotions<sup>9</sup>

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.**<sup>10</sup>

**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 pay** increase is being given, calculate the **mass salary promotional** increase first.**<sup>11</sup>
- Promotional increases up to **and including** 10% can be approved at the **department head dean, associate provost, or assistant vice president level, in consultation with Human Resources. 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.**<sup>12</sup>
- **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.****

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<sup>9</sup> Proposed revision, 2023. The content of the text highlighted in green has been included in the "Setting Base Rate Levels for New Hires and Promotions" section above.

<sup>10</sup> Proposed revision, 2023. Additional text added to further clarify what job changes do **not** qualify as a promotion.

<sup>11</sup> Proposed revision, 2023. Proposed text represents long-standing practice of applying the mass pay increase **after** all other pay increase with the same effective date. The proposed text is consistent with the pay implementation sequence used in WMU's mass pay implementation IT programs, which are used for all employee groups and which is prescribed in the AAUP collective bargaining agreement. Given this history and the existing IT programs, the sequence included in the SCS administrative guidelines has never been followed.

<sup>12</sup> Proposed revision, 2023. Revision intended to 1) align approval levels across executive divisions to enhance consistency and reduce administrative complexity, and 2) clarify that leadership is responsible for pay decisions in consultation with Human Resources, as opposed to **requiring** HR approval for pay decisions that are within guidelines.

~~▪ 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; factors such as skills, proficiency, experience, expertise, education, certification, contributions and performance; and along with<sup>13</sup> any internal equity considerations.<sup>14</sup>
- 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.<sup>15</sup>

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<sup>13</sup> Proposed revision, 2023. Additional text clarifies factors to be taken into consideration when setting pay.

<sup>14</sup> Revised May 2016, un-highlighted, underlined text in this paragraph added in 2016. 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.

<sup>15</sup> 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, ~~when market data is not available,~~<sup>16</sup> 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.<sup>17</sup>

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. ~~For new or otherwise vacant positions, the direct manager will complete the job content tool.~~<sup>18</sup> 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 for assignment to the appropriate~~ job evaluation committee ~~for review.~~<sup>19</sup>

~~The job evaluation committee will assign pay grades for new and existing positions for which market data is not available.~~<sup>20</sup> The job evaluation committee may evaluate ~~the~~ an existing 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~~

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<sup>16</sup> Proposed revision, 2023. Revision intended to 1) endure that pay grade assignments are linked to market whenever market data is available, and 2) reduce committee workload.

<sup>17</sup> Revised May 2016, un-highlighted, underlined text added in 2016. 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.

<sup>18</sup> Proposed revision, 2023. Additional text describes long-standing practice for clarity.

<sup>19</sup> Proposed revision, 2023. Revision intended to 1) ensue that pay grade assignment is linked to labor market whenever market data is available, and 2) reduce committee workload.

<sup>20</sup> Proposed revision, 2023. Additional text clarifies that the job evaluation committee reviews both new and existing jobs for which market data is not available.



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.<sup>21</sup>

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 "Promotions" "Setting Base Pay Levels for New Hires and Promotions" section above. 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, pay decisions will be governed by the "Demotions" section above. Human Resources will work with the manager to recommend any base pay adjustment according to the guidelines and approval process referenced in "Demotions" section above.<sup>22,23</sup>

If more than one individual is classified in the position (i.e., jobs with multiple incumbents), the salaries 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. 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 official job titles are made by Human Resources in consultation with leaders and managers divisional vice presidents in consultation with Human Resources and according to WMU's Job Title Guidelines. Final decisions regarding job titles rest with the divisional vice president and the chief human resources officer.<sup>24</sup>

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 stationary. Official

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<sup>21</sup> Proposed revision, 2023. Revision intended to 1) clarify that decisions regarding pay adjustments are the responsibility of leaders and managers, in consultation with Human Resources, and 2) reduce committee workload.

<sup>22</sup> Revised May 2016, un-highlighted, underlined text added in 2016. Details regarding the pay administration process for jobs evaluated into a lower grade were inadvertently omitted from the original document.

<sup>23</sup> Proposed revision, 2023. Revision intended to clarify that leadership is responsible for pay decisions in consultation with Human Resources, as opposed to **requiring** HR approval for pay decisions that are within guidelines.

<sup>24</sup> Proposed revision, 2023. Revision intended to 1) enhance the link between WMU job titles and job titles in the market, and 2) to reduce job evaluation committee workload.

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.<sup>25</sup>

## Professional/Job Code Group Movement<sup>26</sup>

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 Reviews and Market Adjustments<sup>27</sup>

An out-of-cycle market adjustment review<sup>28</sup> 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.<sup>29</sup>

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<sup>25</sup> Proposed revision, 2023. Incorporates “working tile” guidelines in place since inception of new staff compensation system in July 2015 and detailed on the HR website at <https://wmich.edu/hr/workingtitleform>.

<sup>26</sup> Proposed revision, 2023. The “Professional/Job Code Group Movement” portion of the SCS administrative guidelines, first adopted in July 2015, was never implemented. Outside of the job evaluation process, all decisions to move jobs or groups of jobs to a higher pay grade have been governed by the “Out of Cycle Market Adjustments” section which follows OR the periodic market calibration process referenced in the “Pay Structure Maintenance” section on p. 2. The idea that jobs may be moved by administrative decision **without** being informed by market data is contrary to the market-based focus of WMU’s staff compensation system.

<sup>27</sup> Proposed revision, 2023. Revision corrects an inadvertent omission. No change to practice in place since July 2015.

<sup>28</sup> Proposed revision, 2023. Revision corrects a typographical error. No change to practice in place since July 2015.

<sup>29</sup> Proposed revision, 2023. Revision represents long-standing practice and is designed to capture the intent of the original “Professional/Job Code Group Movement” noted above. An example of a career pathway with “multiple

The salaries 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 base rate increase).<sup>30</sup>
- 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<sup>31</sup>

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.<sup>32</sup>

## 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 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 salary pay grade.

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levels of similar work" would be the administrative assistant career pathway comprised of three different jobs—Administrative Assistant I, Administrative Assistant II, and Administrative Assistant Senior.

<sup>30</sup> Proposed revision, 2023. Revision for clarity purposes only, no change to practice.

<sup>31</sup> Proposed revision, 2023. The text of the "Equity Adjustment" section has not changed. It was just moved further into the document so as not to disrupt the flow of the new hire, promotion, demotion, lateral transfer, and job evaluation sections.

<sup>32</sup> Proposed revision, Feb. 2023. Since inception of the staff compensation system in 2015, the president has rarely (if ever) reviewed discretionary adjustments. Should this practice change in the future, it is important to clarify that the intent is to allow the president to deny requests for discretionary adjustments.