Staff Salary Grid

Over the past year, a staff compensation committee reviewed possible modifications to the staff salary grid, with the goal of making a recommendation to the University’s administration and to the Board of Regents. The work of the committee followed the University’s shift from requesting annual funding through the legislature for both a grid adjustment and individual step movement for employees, to a single budget request for a grid adjustment. The committee’s primary task was to develop an adjustment methodology that did not involve individual step movement on the anniversary of an employee’s date of hire. The committee identified an additional goal of addressing salary compression (the situation in which employees’ salaries cluster at the bottom of the salary grid) so that a mechanism would exist to provide for salary progression based on experience. Other considerations were to seek efficiencies and cost savings for the university, while establishing a compensation structure that would be considered fair and equitable by employees.

The University’s administration approved the committee’s recommendations, which were then proposed for a two stage implementation. The Board approved the first stage at its June 4-5, 2009 meeting1.

The second stage will be proposed to the Board in September for implementation in June 2010:

The proposed salary structure consists of a salary grid based on 1% increments, rather than the current staggered structure in which there are 3% grid increments at the entry level, followed by 2% and then 1% grid increments as salaries progress through the range. This 1% grid provides a consistent and standardized structure for pay increases (e.g. promotion, reclassification), with associated cost savings. The grid structure also supports automation of future pay adjustments. Current salary grades have been maintained and two new 1% steps have been added as starting steps for each grade. Additionally, the top of each grade has been aligned to provide an equal number of steps. See the attached grid examples which display the current FY10 grid structure (approved in June 2009) and the proposed 1% grid structure.

The modified staff salary structure incorporates the current transition steps (T2, T3 and T4). The transition steps will become regular steps and all steps will be renumbered. The transition steps were created in 2002 to facilitate the implementation of the Job Classification System. At that time it was thought that it would be appropriate to gradually retire these steps after full implementation, as market salary rates increased. In actuality, these transition steps have proven to be competitive starting rates for approximately 20% of positions. Incorporating these steps

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1 The Board’s approval of the FY10 budget included a 4.5% grid increase for the staff salary schedule effective the first full payroll period in July, 2009. The Board also approved a modified grid structure, establishing a new starting step for each range or pay grade 2% below the first step and applying to new hires only.
(rather than retiring them) makes them available as starting steps as the grid itself is increased, which allows the University to maintain flexibility in setting market-based starting salaries. It also avoids the significant cost associated with retiring the transition steps, as that would entail moving current employees to higher steps. The current cost of retiring transition steps is in the range of $450,000.

The addition of two new 1% steps when the new salary grid is implemented in June, 2010 means that these steps subsequently can be used when compensation at those levels is competitive for particular recruitments. If that is not the case, the University retains the ability to hire candidates in at higher step levels. Any recommended future adjustments to the grid or proposals to add new, lower entry steps will be subject to review and approval by the Board.

The proposed implementation in June 2010 will accommodate the Payroll and IT administrative work by avoiding the heavy workload period at the end of the fiscal year, but will not add significantly to FY10 salary costs.

Following adoption by the Board, University Regulations governing step movement and compensation will be revised to ensure consistency with the new grid structure and numbering system.