

**West Virginia Higher Education Policy Commission  
West Virginia Council for Community and Technical College Education**

# **Salary Administration Guidelines**

Employee Classification and Compensation Program  
**September 1, 2017**

## Table of Contents

<b>Compensation Philosophy</b> .....	3
Compensation Planning .....	3
<b>Nondiscrimination Policy</b> .....	4
<b>Program Roles and Responsibilities</b> .....	5
West Virginia Higher Education Policy Commission/ West Virginia Council for Community and Technical College Education Division of Human Resources .....	5
Institutional Human Resources .....	5
Supervisors.....	5
Employees.....	6
<b>Program Implementation</b> .....	7
<b>Program Basics</b> .....	7
Working Titles .....	9
Process for Determining Starting Salaries: .....	9
Examples of Documentation - Starting Salaries in the Third and Fourth Quartile of a Salary Range .....	10
Managing Pay within a Grade Tool.....	12
Changes to Job Content .....	13
Additional Duties and Responsibilities Permanently Added to a Current Job .....	13
Additional Duties due to Reorganization or Department Wide Requests for Salary Increases	13
<b>Temporary Assignments</b> .....	14
<b>Salary Adjustment Guidance for Additional Duties:</b> .....	15
Graphic 2: Managing Pay for Expanded Responsibilities .....	15
<b>Position Reclassification</b> .....	16
<b>Promotion:</b> .....	16
<b>Demotions:</b> .....	17
<b>Lateral Transfers:</b> .....	17
Annual Salary Increase: .....	18
Other Salary Increases: .....	18
<b>Market Adjustments:</b> .....	18
<b>Critical Retention Adjustments:</b> .....	18
<b>Internal Equity Adjustments:</b> .....	19
<b>Recognition Pay:</b> .....	19
<b>Counter Offer:</b> .....	19
<b>Performance Adjustments or Merit Pay:</b> .....	20

Updating the Salary Schedule.....	20
<b>Definitions.....</b>	<b>21</b>

## Compensation Philosophy

The West Virginia Higher Education Policy Commission (Commission) and the West Virginia Council for Community and Technical College Education's (Council) compensation program for Classified and Non-Classified Employees is designed to attract, retain, and motivate a highly talented and committed workforce to support the unique missions and goals of public higher education institutions. Competitive pay is a key element in attracting, retaining, motivating and rewarding the type of employees needed to fulfill the missions of West Virginia's colleges and universities. The goal of Commission, Council and affiliated colleges and universities is to pay competitive salaries by using systems clearly communicated to employees and readily administered by managers.

## Program Components and Design

The purpose of these guidelines is to ensure consistency in salary administration and alignment with the design of the program. While the Commission and Council intend to maintain these guidelines to ensure stability in our policies and practices, we reserve the right to modify them at any time. Institutions and employee representative councils will be notified when guidelines are modified.

### Compensation Planning

- Each institution should adopt a process of compensation planning which incorporates information on performance, equity and impact where appropriate.

*Performance* information should be derived from a formal performance management program on which employees and management personnel have been trained.

*Internal equity* patterns should be formally evaluated by the Chief Human Resources Officer or compensation officer (at least every three years) for most [positions](#). However, for market or internally sensitive positions, more frequent review is recommended. External equity of the salary structure will be reviewed every other year by the Commission and Council's Division of Human Resources.

The concept of *impact* allows the President, Provost, Dean, or Vice President to prioritize scarce resources to colleges, departments, teams, or individuals with the greatest effect or potential effect on achievement of institutional goals and excellence.

- The compensation planning process within an institution should be guided by the compensation philosophy of the institution and the guidelines of appropriate budget planning and should be focused on furthering excellence within the institution and creating an environment of opportunity and fairness.
- The compensation planning process should provide reasonably equivalent opportunities and outcomes for all departments whether large or small.
- Staff on probationary status are not eligible for salary increases. Best practice suggests that any salary increase should be delayed until the successful completion of the probationary

period.

- To the extent allowed by WV Code, the use of one-time cash reward payments is appropriate to reflect truly outstanding achievements on time-bound projects, and/or to supplement the salary increase process in recognizing unusually outstanding performance. With few exceptions (such as a bona-fide variable compensation program), one-time cash payments should not be a substitute for annual [base salary](#) increases. Colleges and universities must not reduce mission critical support services to fund cash payments to employees.
- The purpose of the salary increase distribution process is to achieve an optimal distribution of salaries throughout an institution. Institutions may provide percentage increases until appropriate performance management systems are fully implemented, however, the focus thereafter should be on distributing dollars based on performance and other objective measures approved by the institutions governing board rather than percentage increases across-the-board.
- Zero percent increases are appropriate in the following instances:
  - When an individual's performance is inadequate. (In such instances the performance deficiencies should be documented and communicated to the individual throughout the performance cycle.)
  - If individuals fail to provide required documentation related to their own performance during the annual review process.
  - Situations in which current salary substantially exceeds market, or exceeds salaries of other individuals within the employing institution with similar duties, levels of performance, and experience/qualifications.

## Nondiscrimination Policy

The Commission, Council and affiliated institutions are committed to a policy of equal opportunity in every aspect of their operations. We value diversity and seek talented employees from a variety of backgrounds. Accordingly, and in compliance with federal guidelines enforced by the Equal Employment Opportunity Commission (EEOC), it is unlawful to knowingly or unknowingly discriminate in pay or application of employment practices.

Salary decisions must be made without regard to race, color, religion, sex, national origin, age or disability. In addition, the Commission, Council and affiliated institutions do not discriminate on the basis of sexual orientation, gender expression, gender identity, military or veteran status or any other status protected by law in matters pertaining to employment and compensation.

Questions or concerns regarding the system's equal employment opportunity (EEO) policies and programs should be directed to the Commission and Council's Division of Human Resources.

## Program Roles and Responsibilities

### **West Virginia Higher Education Policy Commission/ West Virginia Council for Community and Technical College Education Division of Human Resources**

- Endorses and applies the compensation philosophy to program design and management
- Conducts reviews and validation of all program components to ensure alignment with system objectives
- Reviews and approves any substantive program modifications
- Communicates openly, regularly, and clearly with all constituents on compensation philosophy and policies
- Monitors pay practices and provides expert support to promote fairness and equity across both systems
- Maintains and updates the program on an ongoing basis
- Provides expert guidance for institutional professionals to establish consistent implementation and administration of compensation guidelines

### **Institutional Human Resources**

- Serves as subject matter experts to establish consistent implementation and administration of compensation guidelines at the institution
- Provides appropriate salary and range recommendations to institutional administrators and managers
- Communicates and promotes understanding of the compensation program to help maintain compliance by staff and administrators
- Maintains accurate and current position descriptions based on input from [incumbents](#) and supervisors
- Monitors pay practices for fairness and institutional equity
- Participates in review of system components and provides relevant feedback to the Commission and Council Division of Human Resources
- Manages institutional processes for hiring and compensation, performance management, and promotional opportunities

### **Supervisors**

- Collaborates with institutional HR departments to administer consistent and appropriate pay practices and salary recommendations for employees
- Understands job responsibilities, requirements of [jobs](#), and the knowledge, experience and performance levels of staff in their area of responsibility
- Works with staff to keep position descriptions accurate and current
- Implements human resource programs (performance management, compensation, attendance and leave, etc.) at the department level
- Sets performance expectations and ensures measurements are relevant, reasonable and usable
- Ensures employees understand and participate in the performance planning and evaluation process

- Provides feedback, and evaluates performance fairly and rigorously in compliance with the institution's performance management program

## Employees

- Understand job assignments and expectations for performance
- Updates credentials and provides documentation of such to institutional human resources offices
- Participates in regular review and update of position descriptions

## Program Overview

The Commission, Council and associated colleges and universities are complex organizations of varying sizes and structures. Each institution contains a wide variety of jobs and competes for labor in a variety of markets. The Commission and Council's Division of Human Resources collects and analyzes market data from these markets from sources such as: Workforce West Virginia, Bureau of Labor Statistics, other public higher education institutions, not-for-profit organizations and other local employers. The Commission and Council Division of Human Resources uses carefully selected credible salary surveys conducted by reputable survey organizations to ensure the compensation system is built on current, relevant and reliable data.

In compliance with best practices and West Virginia statutory requirements, the Division of Human Resources will monitor the [labor market](#) and recommend adjustments to the [pay structure](#), as appropriate, to ensure it continues to reflect competitive pay.

The pay ranges associated with the grades are wide enough to accommodate a variety of experience and performance levels, from novice to expert. Additionally, pay range spreads are broad enough to manage pay during market shifts in any given year.

Jobs were assigned [pay grades](#) in the new salary structure based on job responsibilities and requirements, benchmark market data, as well as market median and position average salaries.

Future compensation decisions should be made after consideration of a number of factors including the institutional available budget, the employee's calculated [compa-ratio](#) and or [range penetration](#), skills, competency and performance.

Moving forward, compensation is to be managed using best practice and in compliance with the guidelines herein. If the nature of work and responsibility of a job changes to the extent the position originally assigned to an employee becomes a different job, classification modification is appropriate. Rewarding employees for high performance, additional duties, accomplishment of goals, attainment of credentials, etc. will be accomplished by managing pay within the grade.

The concept of managing pay within the grade is further detailed throughout this document.

## Program Implementation

Implementation of the market based classification and compensation program runs concurrent with a time of extreme budget shortfall for the State of West Virginia. As such, the first priority for compensation increases should be to fund salaries at the minimum of the pay grade. Recognizing the budget situation for state supported higher education institutions, funding the minimum of the salary schedule will take place over a period of time to be determined by the Commission and Council.

Each college and university covered by the program will be asked to submit a recommended implementation schedule for funding the minimum level of the market based salary structure. Colleges and universities who do not fund the minimum of the grade during the 2018 Fiscal Year shall report progress to the Commission in October each year.

An employee is considered to be equitably compensated in comparison to other employees as long as they are paid within the range of their assigned [job class](#)/pay grade, or when the institution is making sufficient progress for funding the initial implementation of the salary structure.

## Program Basics

The goal of the market based compensation program is to pay all employees within the pay range associated with his/her position. Once the market based compensation program is fully implemented, employees are to be paid no less than the minimum of the pay range.

Despite any differences in salaries that may occur, an employee is deemed equitably compensated in relation to other employees in the same classification if:

- His/her annual salary is at least the minimum salary in the pay grade to which the position held by the employee is assigned, or
- Progress is being made by the employee's institution as recommended by the funding implementation schedule approved by the institutions Board of Governors.

When an employee's salary exceeds the maximum of the pay range, the salary of the employee shall be frozen until the salary schedule is adjusted or the employee changes jobs. This situation is commonly referred to as having a salary that is "red-circled". In certain instances "red-circled" employees may receive compensation above the maximum of the pay range of their job classification as a result of legislative mandates or other exceptions approved by the institution's Board of Governors.

## Master Classification Specifications

[Master classification specifications](#) will be available for every classified title in use. Master classification specifications serve as general descriptions of the kind of work performed by positions properly assigned to that classification and does not prescribe the duties of

any position. Master classification specifications are descriptive, not restrictive. The fact that not all tasks performed by the incumbent of a position appear in the master class specification to which the position is assigned does not mean the position is or should be excluded from the class. Nor does any one example of a typical task taken without relation to the other parts of the specification demonstrate that a position should be assigned to the classification.

Each master specification will contain a job title, a general job summary, nature of work performed, a general description of typical duties and responsibilities performed by positions assigned the title, minimum job requirements, distinguishing characteristics of the job and any other typical position requirements common to the job regardless of the location of the position. Master class specifications were assigned pay grades based on market pricing as a benchmark position or via assignment to a grade by the professional consultant or the [Job Classification Committee](#).

The master classification specifications **DO NOT** contain information specific to the work of an individual employee assigned to a specific position. Specific position information will be found in the individual job description.

The institution's position/job descriptions should be maintained in the [JDXperts](#) system provided to institutions as a shared software service by the Commission and Council Division of Human Resources. Each institution is provided a user license and has access to all benefits of JDXperts. Master Classification Specifications are available to assist with development and maintenance of institutional position descriptions.

JDXperts is the system of record for institutional job information from which master class specifications are developed. JDXperts will enable the Commission and Council's Division of Human Resources and the Job Classification Committee to maintain current master classification specifications using real time job description data from institutions.

Master class specifications are used when designating benchmark jobs. [Benchmark jobs](#) are priced in the labor market. Market pricing for benchmark positions is the method used to update the salary schedule. As such, master class specifications serve an extremely important role in the classification and compensation program. These specifications will be the major consideration for assignment of positions to pay grades.

More detail about classifying a job can be found in the "Job Classification Guidelines".

## Establishing a Position

The master classification specification is the starting point for development of a job description and assignment of a title to a position at the institutional level. Job titles are assigned to new positions by comparing the institutional position /job description to the master classification specifications described in JDXperts.

The JDXperts framework has three components:

[Job Family](#) or Job Function: Based upon common roles, responsibilities, skills, and career progression

Job Level: Reflects the organizational responsibility, accountability, and competency requirements of the position

Institution Job Description: Institutional human resources should compare position specific job descriptions to the master class specifications and determine which specification is the “best fit” for the duties, level of responsibility, and minimum requirements described in the institution’s position/job description. The title of the specification that best matches the duties, level of responsibility and minimum qualifications of the position will become the official title of the job.

If an appropriate master classification specification is not found in the system, the institution’s human resources department should request assistance from the Commission and Council’s Division of Human Resources. The Director of Classification and Compensation at the Division of Human Resources, will assist with assignment to an existing master classification specification or make a recommendation to the Job Classification Committee for creation of a new master classification specification and assignment to an appropriate pay grade.

## Working Titles

The use of functional working titles, beyond adding clarity or identifying the department served, should be avoided. However, if an institution chooses to allow the assignment of a functional working title that is different from the official classification title, the title should reasonably reflect the nature of the work performed, be distinct enough to differentiate the job and be consistent with other working titles where similar work is done in the job family or across the unit.

- A working title cannot be the same as an official job title for another position in the classification system.
- A working title cannot depict responsibility or authority not assigned to the position
- A working title may reflect a specific work function and/or location. (*Example: Trades Specialist: Carpenter, Lewisburg Campus.*)
- Only the official title of the position will be used to determine compensation. Assignment or change in the informal working title will not affect placement of the position in the Classification and Compensation Program structure and will not affect compensation.

## Starting Salaries

### Process for Determining Starting Salaries:

An institution has the flexibility to set the starting salaries for all newly hired employees within parameters of the pay range assigned to the position. The position title and grade should be available on the publicized position/job announcement. The pay grade for the position will provide the salary range available for the starting salary.

The candidate’s placement in the range will be set by institutional Human Resources in consultation with the hiring manager, after consideration of the available budget for the position, internal equity with similar positions throughout the institution, and the incumbent’s qualifications, skills, knowledge and relative experience. The guidelines below will assist human resources officers with establishing an equitable competitive starting salary for new hires.

- **Hiring at Minimum in the Grade:** An institution has the option to hire all new classified employees at minimum in the pay grade. However, hiring new employees above the minimum is appropriate in certain situations.
- **Starting Salaries in the First Quartile of Salary Range:** The first [quartile](#) of the pay range starts at minimum in the grade and extends one fourth of the way to the maximum in the pay grade. Starting salaries in the first quartile are appropriate when a job finalist meets minimum qualifications; has little or no direct related or prior experience beyond position minimums, or may be new to the field of the job. Candidate will require additional training and time in job to build knowledge and skills. Internal equity should be considered to ensure institutional departments or units are establishing new hire salaries consistently and equitably within the classification.
- **Starting Salaries in the Second Quartile require:** Before a starting salary is finalized, best practices indicate that institutional Human Resources should conduct an [internal equity analysis](#). An internal equity analysis includes consideration of current salaries of other similarly situated employees in the same classification who have comparable responsibilities, skills, knowledge, and experience.

The final determination of a starting salary will also take into consideration other factors such as budget for the position, difficulty in filling the position as evidenced by the number of qualified applicants and job offers rejected, as well as specific needs for the position including but not limited to technical expertise.

- **Starting Salaries in the Third Quartile of a Salary Range:** Unless the institution's overall average compensation position relative to the salary structure is well above the 25<sup>th</sup> percentile, starting salary offers for new employees within the third quartile should be a rare occurrence. However, the institution has the discretion to hire new professional employees through the third quartile of a salary range. Examples of documentation that may be provided for starting salaries in the third quartile is explained in more detail below.
- **Starting Salaries in the Fourth Quartile of the Salary Range:** Compensation offers in the fourth quartile of the salary range for new employees should be a very rare occurrence. The fourth quartile of the salary range represents compensation rates for new hires or existing employees with expert levels of knowledge, skill and performance. Examples of documentation for starting salaries in the fourth quartile is explained in more detail below.

### **Examples of Documentation - Starting Salaries in the Third and Fourth Quartile of a Salary Range**

Starting salaries in the third and fourth quartiles of a salary range **SHOULD** require most, if not all, of the documentation and a narrative report described below:

Letter of Justification: Best practices indicate that the hiring manager or the human resources department (If salaries are set by HR) should compose a letter of justification addressing the following:

- Identify the vacant position, the finalist for the position and the requested starting salary

- How the finalist has been determined to meet advanced/expert level skills and experience, either by demonstrated capability at the institution or in previously held positions
- How the finalist demonstrates broad and deep knowledge of the position, as well as related areas, and would serve as an expert resource and/or mentor to others
- Discuss the depth and breadth of experience, specialized skills, or perspectives that would add significant value to the institution
- Submit the Letter of Justification to institutional human resources

Institutional Human Resources will review the request to ensure compliance with the compensation philosophy and guidelines. Assistance with the review is available, if requested, through the Commission and Council's Division of Human Resources, Director of Classification and Compensations office. The following information will be reviewed prior to final approval:

- The Letter of Justification from the hiring manager
- The Job Posting and Minimum Qualifications for the position
- The finalist's application materials
- Internal and external salary comparators based on identified benchmarks of the institution

The Chief Human Resources Officer or equivalent will review all materials and recommend approval or denial to the President or designee. Final approval of salaries in the third and fourth quartile should be made by the institution's president or designee.

Documentation for approved starting salaries in the third and fourth quartile should be maintained in the institution's Human Resources Department and retained for audits or reviews of HR operations.

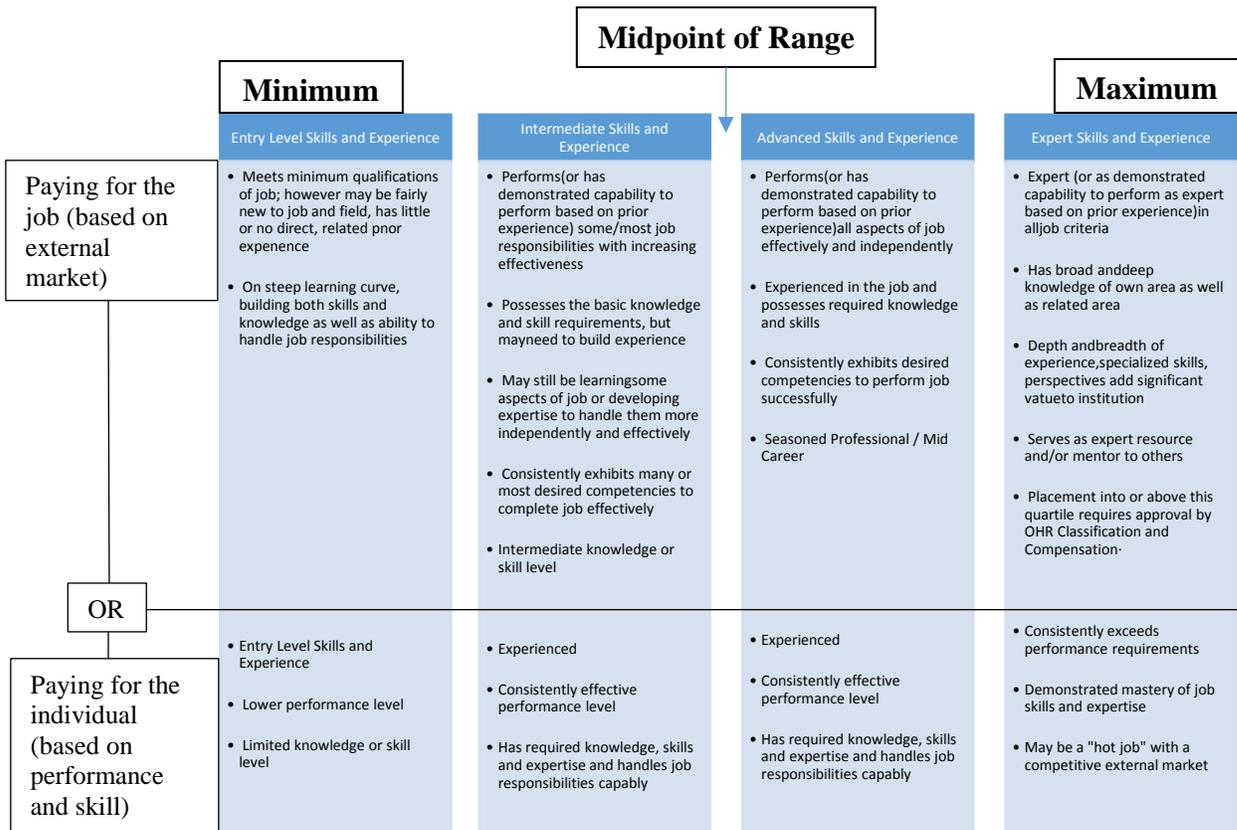
## Managing Pay within a Grade

The grades of the new salary structure are sufficiently wide to provide appropriate pay for employees with varying skills, knowledge, experience, and performance levels. Factors for progression in the salary range may include external market, institutional compensation goals, assignment of additional duties, recognition for meeting certain goals, and individual skill and/or performance ratings.

Salary increase determinations such as annual budgeted increases, equity pay increases, market based increases, and/or performance related salary increases can be accomplished by managing pay within the pay grade. It is important to understand that the classification of a job does not have to change in order to provide a salary increase.

For guidance on how skills and experience of an incumbent may be used to establish an individual salary, refer to Graphic "Managing Pay within a Grade" below.

## Managing Pay within a Grade Tool



### A note about employee “pay progression through the range”

Pay grades are not designed for an employee to start at the minimum and receive salary increases until base pay reaches the top of the range, simply because they hold a position. Employees progress through a pay range by learning their job, increasing their skill, accepting additional responsibility and performing very well. The salary goal for a good, well-qualified performer in a market based pay structure should be around the midpoint of the salary range. Pay rates in the fourth quartile of a pay range are typically provided for excellent performers, experts in the field, critical operational positions, or highly valued competitive positions.

## **Changes to Job Content**

When job content changes enough to suspect the job is no longer appropriately positioned in the job hierarchy or the master classification specification alignment is no longer appropriate, a position review may be requested by the supervisor, manager or the incumbent of the position. Alternately, the human resources professional responsible for classification of jobs may review the position without receiving a request as described.

Changing how the work is done or the tools used to complete the job (e.g., automating manual processes, switching to a different software package) does not typically warrant a salary adjustment. However, if the introduction of new tools and/or software significantly changes the jobs responsibilities or requirements, a review of the classification of the position should be initiated. While such a change may require training to learn new software programs or new methods or work rules, it does not usually change the purpose or overall accountabilities of the job.

The Position/Job Description is a tool used to collect job information for an in-depth analysis of a position. Information contained in the Position/Job Description will be used to select the appropriate classification for the position. See the “Job Classification Guidelines” for more information on reviewing the classification of a position.

## **Additional Duties and Responsibilities Permanently Added to a Current Job**

Additional duties and responsibilities added to a job may or may not change the position classification.

Additional duties of a similar nature added to a position do not typically result in a position reclassification. However, institutions have the option to compensate employees for taking on and successfully performing additional duties.

To warrant a salary increase for additional duties that do not modify the classification of a position, the additional duties must:

- Be a permanent addition to the position
- Be similar in complexity and nature of work
- Be a formal specific, substantially noticeable addition to current work performed.

A review of the position classification must take place when additional duties and responsibilities significantly affect the complexity, decision-making, or authority of a position. See the “Job Classification Guidelines” for more information on reviewing the classification of a position.

## **Additional Duties due to Reorganization or Department Wide Requests for Salary Increases**

When salary increases are due to a reorganization of a unit/department or are requested for an entire unit/department of the institution, the department/unit manager must include individual requests for salary increases for all affected employees. The request must be submitted as a package so Human Resources has a full understanding of the extent of the changes made to affected positions and the impact to the organization.

The institutional Human Resources department shall conduct an internal equity review of salaries of similar positions across the institution, assigned to the same classification, with similar duties and responsibilities to advise department managers regarding internal equity.

Increases above 10 percent for permanent additional duties and responsibilities added to current positions should be extremely rare and must be approved by the President, or designee. Additionally, any salary increase resulting in a compensation level in or above the 4<sup>th</sup> quartile of the pay range must be approved by the President, or designee.

## Salary Increase approval process for Additional Duties:

The department/unit manager will compose a request for salary increase addressing the following:

- Identify the position title, department and the incumbent
- Describe the change in duties and responsibilities
- Describe the incumbent's skills, experience and performance that justify the request for salary increase.
- Submit the Letter of Justification to the designated Human Resource point of contact.

## Temporary Assignments

### Criteria:

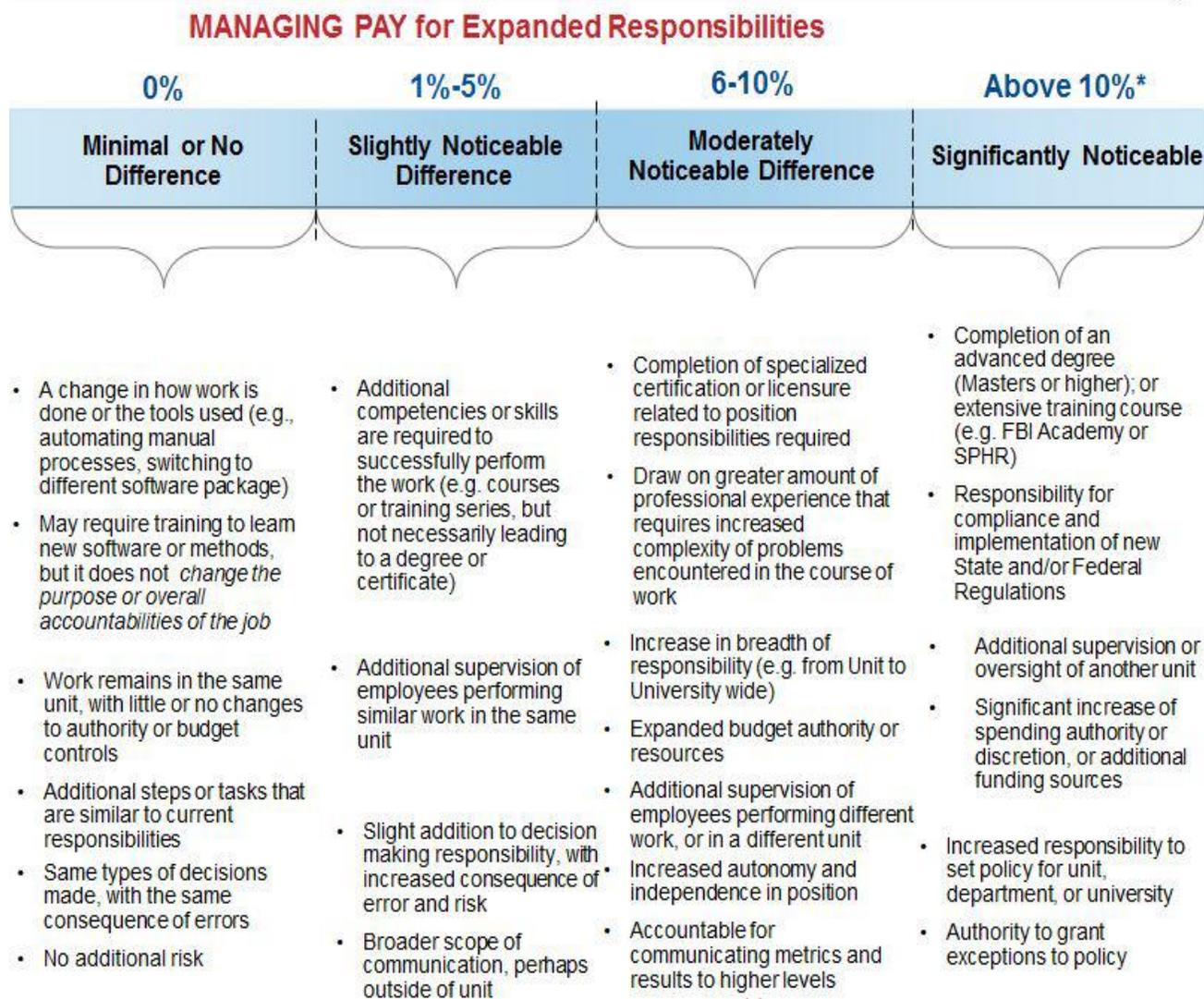
- When an employee is assigned additional or different responsibilities on a temporary basis, temporary compensation may be warranted and provided.
  - The temporary assignment must be a significant, clearly defined addition of responsibilities to the normal workload
- Temporary assignments can vary greatly and should be considered on a case by case basis; length of time in a temporary assignment should be at least 30 days and typically should not last more than 6 months.

### Temporary Assignment Process:

- The department manager will submit the following information to the institutional Human Resources department for justification:
  - Identify the incumbent taking on the temporary assignment
  - Reason for assignment
  - Expected duration
  - Resources required
  - Criteria for selecting the chosen employee
  - Proposed compensation for the individual taking on the Temporary Assignment/ Interim Appointment
  - For temporary assignments with the intent to recruit, provide the search timeline
- The "Managing Pay within the Grade" tool is to be utilized to address compensation decisions for temporary assignments/interim appointments.

## Salary Adjustment Guidance for Additional Duties:

Graphic 2: Managing Pay for Expanded Responsibilities



\*Salaries should not be increased outside of the range associated with the identified position classification

## Position Reclassification

Position reclassification may be warranted when a position evolves to a level that the work performed is no longer represented by the initial [job classification](#) and title assignment. Or, a position experiences significant changes in assigned duties, nature, scope, complexity or impact of decision-making. Situations such as these warrant a review that may result in reclassification of the position. Reclassification results in reassignment of the position to a different classification that more closely matches the duties, responsibilities, knowledge and scope associated with the new duties of the position. Performance of the incumbent or minor changes in the job do not warrant reclassification.

### Criteria:

A position reclassification is appropriate when the change to assigned duties:

- Does not result in a vacancy and the body of work of the current position will not be backfilled\*; and
- The primary purpose of the position has changed significantly, and
- The unit/department reporting structure remains substantially the same

Position reclassification determinations are reviewed and approved on a case by case basis by the institutional Human Resources department.

If the changes to a position reflects an upgrade, potential pay adjustments will be determined by the guidelines for promotion. If the changes result in a downgrade, pay actions will be determined by the guidelines for demotion.

Updates to vacant positions may also result in the Human Resources department reassigning the position to a different classification in the structure.

### Position Reclassification Process:

The incumbent or supervisor completes a request for classification review and attaches an updated Job/Position Description, a current organizational chart showing the position's department and all reporting relationships therein, and a justification letter explaining any additional information helpful for the review.

Additional information should include:

- Reason/circumstances for the change in position
- Why the current incumbent is the best choice for the position.
- Are there any other employees in the unit/division with similar skills and abilities?

## Promotion:

A promotion is the movement of an employee to a job in a higher pay grade that usually occurs through the competitive bidding process. An employee may apply for any advertised position for which he/she qualifies. A promotion generally warrants a pay increase; the amount of the increase should be determined by reviewing a number of important factors such as:

- The pay range associated with the new position

- The employee's current pay in relation to the new pay range
- The employee's qualifications for the new position
- Pay of other similarly situated employees

Promotional increases are also based on the incumbent's skills, knowledge and experience brought to the new position. The "Managing Pay within the Grade" tool to determine starting salaries is appropriate to use as a guide for determining promotional increases.

Upon full implementation of the salary schedule, promoted employees are to be paid at least the minimum in the pay grade of the newly acquired position.

## Demotions:

A demotion is movement to a job in a lower pay grade and can be both involuntary and voluntary. Demotions generally warrant a pay decrease, with the amount to be determined by the individual circumstances, taking into account the incumbent's current pay, the pay range associated with the new position in the lower grade, the knowledge, skills and performance of the incumbent, and pay of other similarly situated employees. Human Resources should be consulted when making the pay determination for a demotion.

## Lateral Transfers:

A lateral transfer is the movement from one job to another job that is in the same pay grade. The movement may be voluntary or involuntary. Generally, these types of transfers do not warrant a pay increase. However, if an employee possesses specific knowledge, skills, and abilities or any other attributes that will enable them to be an immediate asset in the new position, a salary increase within the range may be provided. Institutional Human Resources should be consulted when a lateral transfer including a pay increase is being considered.

Best Practices indicate that the Human Resources department should review internal equity as described earlier and recommend an appropriate salary increase for Lateral Transfers. The "Managing Pay within a Grade" tool is helpful in making this determination.

The flexibility to compensate/reward employees for taking a lateral transfer may also prove useful when cross training staff to increase efficiency and productivity at the institution.

## Salary Increases and Adjustments

### Annual Salary Increase:

Salary increases intended to achieve minimum salary schedule funding or the institution's targeted compensation market position may be given annually.

An objective of this program is to reward employees for their contributions through performance-based salary increases. As such, for years in which performance based salary increases are awarded, the Chief Human Resources Officer, the Classification and Compensation Unit, or the president, or his/her designee at the institution will develop guidelines for administration of performance based rewards. The Division of Human Resources is available for professional consultation on a best practice approach to rewarding employees within available budgets. Institutional guidelines should be communicated appropriately to administrators, supervisors and managers, and affected employees.

### Other Salary Increases:

At times, it may be necessary to adjust pay outside of the annual increase process. Off-cycle salary increases are discretionary increases that can occur any time during the year outside the normal increase cycle. A supervisor who wishes to give an employee an off-cycle increase must obtain approval from their Dean, Vice President or other Administrative Unit Head. The institutional Human Resources department must be consulted in order to determine if the increase is justified, internally equitable, compatible with the market, and consistent with the salary administration guidelines. Any increases resulting in a 4<sup>th</sup> quartile salary level must be approved by the institutional president or designee.

Examples of other types of salary increases outside of the annual increase process may include:

#### Market Adjustments:

Refers to a pay adjustment made to recognize compensation changes in the labor market for a specific job or jobs. Market adjustments are unlikely to occur often because the pay structure is based on market analysis and is updated regularly to ensure competitiveness. Occasionally, unusual market forces may warrant a market adjustment.

#### Critical Retention Adjustments:

A critical retention adjustment refers to a salary adjustment intended to retain an employee that occupies an essential or critical position within the institution.

Critical retention adjustments may be made to retain employees in jobs for which the institution is experiencing high turnover rates.

Critical retention adjustments are typically for one-of-a-kind jobs and/or jobs that have known difficulty with recruitment for vacancies. However, employees who work on projects deemed

critical to the success of the organization, or who have specific knowledge and abilities in jobs or disciplines deemed critical to the organization may also qualify for critical retention adjustments.

### Internal Equity Adjustments:

An internal equity adjustment refers to a compensation adjustment made to make an employee's pay equitable when compared with that of other employees who have comparable education and comparable work experience, and who hold similar positions in the same classification. The purpose of internal equity adjustments is to facilitate equitable pay among similarly situated employees. Internal equity adjustments may be made to correct salary [compression](#) in the pay range.

Internal equity adjustments are not intended to ensure employees in the same job classification receive exactly the same salary. Rates of compensation may differ between employees in the same job classification or grade, although both have comparable duties and responsibilities. Once the market based pay program is fully implemented, individual base salaries should appropriately reflect an employee's skills, competency, job knowledge, educational attainment and sustained contribution to the institution.

### Recognition Pay:

Recognition pay may be provided when the college or university wishes to reward an employee for enhancing job-related skills and competencies, after demonstrating those enhanced skills through accomplishments and performance in their job.

The employee nominated for a recognition pay increase must have demonstrated that the acquisition of competencies, formal training, education, certification or licensure is related to the essential function of the position, serves to meet a recognized critical need of the department, is beyond the minimum requirements for the job classification held and is critical to the ongoing operations of the institution.

The employee's skills and competencies gained should be compared to the "Managing Pay within the Grade" guidelines to determine the appropriate placement of his/her pay in the grade, with consideration for internal equity relative to the skills and competencies for others in similar positions. Earning a degree typically does not warrant a pay increase unless the employee has developed skills and competencies that enable him/her to perform the responsibilities of their job in a noticeably more effective manner, and the degree earned is directly related to the position currently held by the employee, or serves to further the goals of the department.

### Counter Offer:

A counter offer is typically made to retain essential employees who receive offers for employment from another employer. A counter offer may be made to an employee with a regular appointment when the employee can produce evidence of a genuine offer of employment to obtain a position with another employer. When a counter offer has been accepted, the institution should not consider future counter offers in the same capacity in which the employee currently serves.

## Performance Adjustments or Merit Pay:

Institutions who implement a pay for performance or merit pay program must ensure the program aligns with the organization or department's goals and objectives. Departmental goals and objectives should be in alignment with the institution's mission and vision.

The Division of Human Resources is available to assist with development and implementation of a performance management program. The Division of Human Resources supports a collaborative approach to ensure best practices in performance management are in place for Commission and Council institutions. Institutions have flexibility when designing a pay for performance system. A pay for performance system is most effective when employees value the pay or recognition offered by the organization in return for high performance; understand what is required of them; believe that they can achieve the desired level of performance; and believe that the organization will actually recognize and reward that performance. These conditions can only be achieved if an institution meets certain requirements. These requirements are:

- A culture that supports pay for performance
- Effective and fair supervisors
- A rigorous performance evaluation system
- Adequate funding
- A system of checks and balances to ensure fairness
- Appropriate training for supervisors and employees; and
- Ongoing system evaluation

## Maintaining the Compensation Program

### Updating the Salary Schedule

The Division of Human Resources' Classification and Compensation department is responsible for maintaining a current and competitive salary structure consistent with the overarching compensation philosophy of the Commission and Council.

The Compensation Planning and Review Committee and the Division of Human Resources are responsible for conducting biannual reviews of labor markets for benchmark jobs and recommending necessary changes in the salary schedule.

Proposed changes to the salary schedule will be presented for comment to Presidents, Chief Human Resource Officers, and the Advisory Council of Classified Employees (ACCE).

The Commission and Council or designees, must approve final modifications of the Classified Employee Salary Schedule.

## Definitions

**Base Salary:** The amount or a rate of compensation for a specified position of employment or activity excluding annual experience increment and any other payments or allowances for work or activity unrelated to that specified position of employment.

**Benchmark Job:** A job that is commonly found and defined, used to make pay comparisons to comparable jobs outside the organization.

**Compa-Ratio:** A measure to assess competitiveness of current salary level to the market (midpoint of the salary structure). Compa-ratio is the short form for Comparative ratio. It measures the ratio of an employee's actual salary (the numerator) to the midpoint of the applicable (the denominator) salary range. To calculate an individual's compa-ratio, divide the base salary by the midpoint of the assigned salary range (pay grade range). See also “salary range penetration”.

**Compensation Philosophy:** The guiding principles that ensure that a compensation program supports an organization’s culture.

**Compensation Strategy:** The principles that guide the design, implementation and administration of a compensation program at an organization for the purpose of supporting the organization’s mission, vision, goals and objectives. *(Term not used in Salary Admin Guidelines)*

**Compression:** The situation encountered when a new employee enters into the organization at or above the pay of someone who is currently in the same role in the organization. It can also exist when you have two jobs in the same job family with someone in the “lower” job earning more than the person in the “higher” job. There are some families in which this may make sense such as software development where a senior developer may appropriately earn more in base than a manager of the function.

**Employee Class:** There are three employee classes: classified, nonclassified and faculty. *(Term not used in Salary Admin Guidelines)*

**Incumbent:** An incumbent is an individual person in a position employed at an institution

**Internal Equity Analysis:** A comparative analysis of compensation levels within an organization to determine if a level of compensation is equitable when compared to compensation of other employees who hold similarly situation positions in the same job classification or pay grade who have the same or similar levels of knowledge, skill, experience and performance.

**JDXperts:** Web based job information and description management system provided as a shared service to institutions of the Commission and Council. JDXperts is the official depository of institutional job information used for job analysis, institution job description development, master classification specification development and identification of benchmark jobs. Benchmark jobs are used to build and maintain the market based salary structure administered by institutions as part of the classified classification and compensation program.

**Job** – The total collection of tasks, duties and responsibilities assigned individuals holding positions whose work is of the same or similar nature and level.

**Job Classification:** A formal process used to evaluate jobs, assign titles and pay grades.

**Job Classification Committee:** a Committee of employee and human resources representatives established by WV Code tasked with evaluating classification appeals and other changes to classified jobs.

**Job Class / Pay Grade:** The level to which a job is assigned within a salary structure.

**Job Description** (used interchangeably with institution job description, position job description, incumbent job description): A summary of the essential functions of a job at a particular institution, including the general nature of the work performed, a characteristic listing of duties and responsibilities, and the knowledge, skills and abilities necessary to perform the work.

**Job Family:** A series of job titles in an occupational area or group.

**Job Title** – The label that uniquely identified and generally describes a job. The same descriptive job title shall be given to a group of jobs, regardless of the location in the organization, which are substantially the same in duties and responsibilities, and which require substantially the same knowledge, skills and abilities performed under similar working conditions.

**Labor market:** The labor market for compensation is the geographic area, industry, organization size, or organization type from which an organization attracts employees. Market Value refers to how much a particular job would be worth for a specific talent market (industry, size, location, organization type) at a specific or target percentile.

**Master Classification Specification:** General descriptions of the collective type and kind of work performed by the majority of employees assigned the same job classification. Each master specification will contain a job title, nature of work performed, distinguishing characteristics of the job, and a general description of typical duties and responsibilities performed by positions assigned the title, regardless of the location of the position.

**Mid-Point:** Midpoint is the middle of a pay range; the midpoint typically aligns to the market value for the job. See “Range Midpoint”

**Pay Grade:** See Job Class/Pay Grade

**Pay Range Quartile:** The four divisions of a pay range. The point between the 2<sup>nd</sup> and third quartile is the midpoint of the pay range.

**Pay Range or Pay Range Spread:** Pay range is an expression of the pay for a position assigned to a pay grade in a salary structure that provides the minimum, midpoint and maximum levels of compensation. The range from minimum to maximum, expressed as a percentage, is the pay range spread. The range spread percentage is calculated by subtracting the minimum from the maximum and dividing by the minimum the multiplying by 100.

**Pay Structure:** See Salary Structure

**Position:** A set of duties and responsibilities requiring employment of a single employee at a particular organization.

**Position Description Form/Job Description Form (PDF/JDF):** A tool used to collect a broad range of job information used in the creation and classification of a position.

**Range Midpoint:** Midpoint is the middle of a pay range; the midpoint typically aligns to the market value for the job.

**Range Penetration/Position in Range:** An important compensation metric to look at in conjunction with a compa-ratio. Rather than just being a comparison to one piece of data (the midpoint), range penetration looks at a salary in relation to the whole pay range. Range Penetration is how far an employee has progressed through the pay range. Once organizations decide how they value their jobs, based on the market data inputs, individuals are appropriately differentiated along the range by skills, education, performance, etc.

**Calculating Range Penetration:**

The salary range penetration formula is as follows:

**Range penetration** =  $(\text{Salary} - \text{Range Minimum}) \div (\text{Range Maximum} - \text{Range Minimum})$

Range penetration is useful in talking with employees about where they stand in their range and how much more room there is for the employee to move up in pay.

A key difference here is that range penetration has nothing to do with the salary midpoint. ... Range penetration can be useful if you use portions of the range as target levels for certain categories of employees, i.e. you want new hires to be in the first 25% of the range, and experts or consistent high performers to be in the top 25% of the range.

Focusing too heavily on one or the other of these two metrics can lead to some interesting and potentially unwanted thinking on the part of your employees. If you only focus on and talk about compa-ratio, you will be encouraging employee thinking to be “I need to be at the midpoint.” While this may be okay at times, it can be healthier for the organization if employees think about their ability to grow and move through a range vs. being fixated on one point. On the other hand, focusing too heavily on range penetration could encourage employees to think, “I need to get to the 100% mark.” Having employees focused on reaching the maximum of their range could set up unreasonable and impractical expectations.

**Salary Structure/ Pay Structure/Salary Schedule:** A graphical structure consisting of a series of pay grades and range of pay available for each grade.