



TEXAS SOUTHERN UNIVERSITY
MANUAL OF ADMINISTRATIVE POLICIES AND PROCEDURES

SECTION: Human Resources
AREA: Compensation

Number 02.02.01

SUBJECT: Pay Guidelines for Staff Employees

I. PURPOSE AND SCOPE

This document sets general guidelines for establishing hiring rates and implementing pay adjustments for staff employees at Texas Southern University. The policy is developed in accordance with applicable federal, state, and local laws and regulations, including the Fair Labor Standards Act, the Equal Pay Act of 1963, and the Biennial General Appropriations Act. This policy applies to the pay of all benefits-eligible staff employees, regardless of the source of funds from which paid, but does not apply to faculty.

II. POLICY STATEMENT

It is the policy of the university to compensate employees fairly without regard to age, gender, race, color, religion, national origin, disability, genetic history, military status or sexual orientation and to comply with all applicable federal, state and local laws and regulations affecting employee compensation. To ensure internal consistency and external competitiveness in pay and enhance the university's ability to attract, retain, and motivate qualified employees, the university shall be responsible for the following:

- A. Maintaining an equitable classification of jobs by pay grade and competitive pay ranges for these grades.
- B. Ensuring that employees are compensated commensurate with their career progression, based on individual performance, contribution to the university and availability of funds.
- C. Maintaining personnel costs within budgets for current and prospective employees in accordance with this policy and procedure. Offers may not be made or pay rates established without approval of the Office of Human Resources, except as provided herein.

III. DEFINITIONS

- A. Across-the-board increase: A certain percentage or amount of pay increase designated to all employees or classifications of employees on the same date.

- B. Blue Circle Rate: A pay rate that falls below the minimum of the pay range.
- C. Demotion: A change in duty assignment from a job in one classification to a job in another classification in a lower pay grade. Such a demotion may involve a decrease in compensation.
- D. Equity pay adjustment: An adjustment to an employee's base pay rate to correct or alleviate: (1) a significantly negative pay relationship to the external market, and/or (2) a significant internal pay inequity.
- E. Hiring rate: The beginning pay rate at which an individual is hired into a job.
- F. Job: A collection of tasks, duties, and responsibilities that constitutes the assignment for one or more individuals whose work is of the same nature and that require essentially the same qualifications. Each job has an official university title and may be assigned to a pay grade.
- G. Job classification: Assignment of a job title to a pay grade based on evaluation of the job.
- H. Job re-evaluation: The review of a job due to a significant change in responsibilities, duties, and/or requirements that may result in reassignment of the job to a different title and/or a higher or lower pay grade.
- I. Lateral transfer: A move to another job with the same pay grade and pay range. Normally, there is no change in pay associated with a lateral transfer.
- J. Merit increase: An in-grade pay increase granted in recognition of an employee's individual performance level and based upon documented performance criteria.
- K. Merit increase budget: The budget amount determined by the administration that is authorized for merit increases during the budget preparation.
- L. Midpoint: The pay level midway between the minimum and maximum rates of the pay range. Midpoints represent the university's desired competitive job rate relative to the external market, and serves as the maximum of the hiring range, unless otherwise approved as described in section IV.
- M. Pay grade: A pay level into which jobs of the same or similar value are grouped for compensation purposes. All jobs in a pay grade have the same pay range.
- N. Pay range: The range of pay rates established for a pay grade. The minimum and maximum of each pay range which represent the minimum and maximum values, respectively, of all university jobs assigned to that particular pay range.
- O. Pay rate: The specific salary or hourly rate within the pay range that is paid to the employee. Under terminology provided by federal law, exempt employees are paid salaries, and non-exempt employees are paid an hourly rate.

- P. Position: A job that is assigned a unique position control number in a specific department. Many jobs can be assigned the same position number (for example, pooled jobs). Typically used for budgetary tracking of FTEs.
- Q. Promotional increase: An adjustment to an employee's base pay rate associated with the employee's moving into a more responsible job assigned to a higher pay grade.
- R. Quartiles: The four equal parts of the pay range. Alternatively referred to as percentiles (25th, 50th and 75th). Typically, position in the pay range is related to factors such as performance, job experience and/or years of service.
- S. Reclassification: A change in a job title and/or grade level based on a significant change in the job duties and level of responsibility, as revealed in a job evaluation conducted by the Office of Human Resources.
- T. Red circle rate: A pay rate that falls above the maximum of the pay range. Employees with red circle rates are normally not eligible for any type of base pay increase as long as their base pay rate remains above the maximum of the pay range. Any exception to this policy requires approval by the Office of Human Resources and Payroll Services.
- U. Reorganization: A reorganization of jobs within a department, or a reorganization of departments and jobs within a division. Reorganizations may result in jobs being re-evaluated; eliminated and/or job title and/or pay grade changes. Pay adjustments for employees affected by a reorganization are justified only by promotion, demotion, re-evaluation of the job, or internal equity adjustment, using the definitions and procedures contained in this policy.
- V. State-mandated increase: An increase set by the State Legislature, normally as a provision of the General Appropriations Act, which sets limits and specifies certain terms of the increase. The General Appropriations Act may or may not provide funding for a state-mandated increase.
- W. Transfer: A move by an employee from one university job in one department/division to another vacant job in another department/division, resulting from voluntary application for the job by the employee. A transfer may also be a promotion, a lateral move, or a demotion, depending upon whether the job transferred to is assigned a higher, the same, or a lower job classification and pay grade.

IV. POLICY AND PROCEDURE PROVISIONS – SALARIES FOR NEW HIRES

Pay rates for new hires shall be set in accordance with the classification and related pay grade of the job (see MAPP 02.02.02 - Classification of Staff Jobs, section VII, D), the qualifications of the applicant, the hiring department's recommendations, and other considerations such as the relationship to rates paid to similarly qualified employees in

the job and organizational unit. The University does not hire under the minimum of the pay grade. Internal equity considerations are an important factor in determining appropriate levels of pay.

- A. Employees meeting the minimum qualifications of the job should normally be paid in the first quartile. However, pay rates for new employees possessing qualifications in excess of the minimum qualifications may be placed above the first quartile up to the mid-point of the range, with the approval of the dean or director. Pay rates for new employees with exceptional qualifications may be placed above the mid-point of the range with the approval of the dean or director, and the Office of Human Resources.
- B. In determining hiring rates, consideration will be given to the job in the pay range, whether the rate allows sufficient room for future growth, and the relationship to rates paid to other employees in the job and/or organizational unit. Competitive external pay survey data will also be considered, under the advice of the Office of Human Resources.
- C. A memo of justification must be submitted when requesting to hire an employee into either an exempt or non-exempt job at a salary above the mid-point of the salary range, together with any supporting documentation.

V. POLICY AND PROCEDURE PROVISIONS - EMPLOYEE PAY ADJUSTMENTS

Pay rates for employees may be adjusted only for the reasons listed below. Decisions to grant across-the-board increases cannot be initiated at the department, college, or division level. These types of increases are approved at the State level. Decisions to grant merit or equity or reward based increases must be part of the budget cycle plan and can be initiated at the division level, if funds are available. Division initiated merit increases must meet the approval of the Associate Vice President of Human Resources/Chief Human Resource Officer to ensure that compliance and equity across the university are preserved.

- A. Pay Guidelines: Pay guidelines that are used to assist departments in determining the amount of pay increases to award are developed every award year and distributed to division/department and college heads shortly after the announcement of a merit program.
- B. State-mandated increase: The legislature may establish requirements for employee pay increases, either across-the-board increases or increases based on merit. The legislature may provide additional funds to cover mandated increases, or increases may be mandated and not funded. Legislatively mandated increases will normally be implemented as part of the budget cycle and will be effective September 1.
- C. Institutional decision: Texas Southern University may provide for institution-wide pay increases, either as across the board or based on merit. Merit increases that take the employee's salary above the maximum of the range require prior

approval of the Vice President for Administration and Finance and the Office of Human Resources.

1. University policy permits the awarding of merit increases to reward the employee's documented performance on the job.
 2. When a merit increase is funded and authorized, the Office of Human Resources will prepare and distribute detailed guidelines to division/department and college heads. The guidelines will include the authorized merit increase budget, funding requirements, performance eligibility criteria (based on the merit increase guidelines approved by the President for that fiscal year), and other program criteria.
 3. Proposed merit increases will be reviewed, approved, and submitted in accordance with the detailed guidelines distributed by the Office of Human Resources at the time of the authorized merit increase.
- D. Any adjustment to the pay of an exempt employee whose new annual salary results in an increase of ten percent or more, requires prior notification to Human Resources. An adjustment of any amount to the pay of a President requires prior approval of the Board of Regents. An adjustment of any amount to the pay of a Vice President or Executive Management requires the prior approval of the President.

For all such requests for pay adjustments, a Justification of Salary Increase Memorandum must be completed and submitted to the Office of Human Resources.

VI. TYPES OF PAY ADJUSTMENTS

- A. **Promotion:** An adjustment to an employee's base pay rate associated with the employee's moving into a higher level job with more responsibility and assigned to a higher pay grade.

Pay rates of employees assigned to higher pay grades may be adjusted upward based on the pay rates of incumbents in the new classifications. Promotions usually occur in the following ways: resulting from job evaluation; or when an employee applies and is selected for a posted higher level job; or when an employee moves into the next highest level of job within the Job Family.

Job Family promotions can occur when there is a clearly defined Job Family with more than one job level already existing in the university's pay plan. Job family promotions typically should be used for movement to the next highest level in the job family, and usually should not skip levels. Division/college/department heads must provide written justification for a request to move an employee into the next level of the Job Family to the Office of Human Resources. The Office of Human Resources will review and render a decision on the request. The employee under

consideration for a Job Family promotion must meet the minimum qualifications for the job as written in the job description for the higher level position. Salary adjustments for Job Family promotions will follow guidelines for promotional increases as stated within this policy section below, 1-6.

1. Typically an employee is eligible for a promotion after their initial probationary period from date of hire (probationary period for exempt employees is 1 year; probationary period for non-exempt employees is 6 months), and when their performance contributions have been documented, and when they have demonstrated the competencies, skills, and knowledge to move up to the next level in their career path or job family. Promotional increases should not result in a salary that is less than the new pay grade minimum; nor more than the new pay grade maximum.
2. The following factors will be considered by the hiring authority and by the Office of Human Resources when determining rates of increases for promotions:
 - a. Rates paid to other employees in the same job, both within the hiring college or division and in other colleges and/or divisions.
 - b. Pay range for the new job and the number of pay grades between the old job and the new job.
 - c. Job performance of the individual being promoted.
 - d. Qualifications of the individual, compared to the qualifications of other employees in the same job in the college or division, as well as other employees across the university.
 - e. Competitive external pay data if available.
 - f. Whether the promotion involves a change from non-exempt to exempt classification.
3. In isolated situations, when an individual's present base pay rate is at a higher level than rates paid to other employees in the same job, an individual may be granted a promotion with no change in pay.
4. The hiring college or division has full authority to set the promotional increase for exempt and non-exempt jobs at rates up to and including the midpoint of the range based on the employee's qualifications for the job.

5. Any promotional increase should raise the employee's pay rate to at least the minimum of the new pay range. A promotional increase that increases the employee's pay rate above the midpoint of the new pay range must have the approval of the division head and the Office of Human Resources.
 6. A memorandum justifying the salary change must be submitted when requesting to give a promotional increase to an employee into either exempt or non-exempt job at a salary above the mid point of the salary range, together with any supporting documentation.
- B. Demotions: Pay rates of employees assigned to lower pay grades may be adjusted downward based on the pay rates of incumbents in the new classifications. If the employee's salary is above the maximum of the pay range for the job, and the demotion is not a result of performance, the employee's salary can be "red-circled" until the salary structure is moved enough to bring the employee's salary back into the range.
1. New pay levels of employees who are demoted to jobs assigned to lower pay grades will be based primarily on the base pay rates of current employees in the new classification.
 2. A demotion may result in a reduction in the employee's base pay:
 - a. When a job is re-evaluated involuntarily as a result of management initiative and reassigned to a lower job classification and pay grade.
 - b. When an employee transfers voluntarily to a different job assigned to a lower job classification and pay grade, the employee's base pay rate may be reduced.
 - c. When an employee previously accepted a promotion within the department and then requests to move back to the previous position (as a voluntary demotion), the pay will normally be lowered by the same amount the employee received from the promotion, plus factoring in any earned or received merit or institutional increase.
 - d. When an employee applies for a posted position that is in a lower job classification and pay grade, the employee's base pay rate may be reduced. All demotions require the prior approval of the office of Human Resources.
- C. Enhanced Compensation Award: Employees whose contribution have been instrumental in the university successfully meeting or exceeding performance expectations as outlined in the state General Appropriations Act for institutions is eligible for a one time direct pay award. Only staff employees

with 12 months or more full-time employment with the university are eligible and this award shall not exceed 6.8 percent of an employee's annual base pay. Additional guidelines include:

1. The award is not an addition to base pay.
2. The employee's achievement must be significant enough to qualify for recognition by the whole division.
3. One staff employee per division can be chosen to receive this award.
4. Once an employee has received this award they are not eligible to receive it again for two years.
5. The division Vice President must forward the supporting paperwork to the Office of Human Resources for review.
6. Performance contributions are determined by the division/college or department head as appropriate. Human Resources ensure compliance with policy and regulations.

D. Employee Recognition Award: All benefits eligible staff employees are eligible for a one time direct pay recognition award not to exceed the amount of \$50.00.

1. Departments may define an award program to reward staff employees, with the approval of the division vice president.
2. The award can be a one-time direct pay amount, or entertainment tickets or other gifts as long as the award value does not exceed \$50.00.
3. All employee recognition award programs must be documented in writing, and must be approved by the division vice president and the Office of Human Resources. The programs must be managed so that awards are delivered in a fair and equitable manner.
4. New and continuing award programs must be approved by the division vice president and Human Resources prior to the department announcing and making the program available to the employees.
5. Formal written documentation of the award program must be attached to any request for payment.
6. The payment form must be signed by the division Vice President and must have all required documentation attached, before forwarding to Human Resources for review.

- E. Retention Pay: Retention Pay is a cash bonus paid to a benefits eligible staff employee based on the university's need for retaining a specific set of skills and/or competencies vital for the university's operations. Any proposal for retention pay must be tied to market conditions and approved by Human Resources in advance. No offer for retention pay should be made to an employee without the approval of Human Resources. Once the offer is made and accepted, the employee must remain with the university in an eligible staff job for 12 months after the date of execution of the retention pay.
- F. Re-evaluation/reclassification: Employees whose jobs are re-evaluated or jobs are reclassified to a higher pay grade may require adjustments to their base pay rates. This type of salary adjustment is not a result of performance, but a result of the job being re-evaluated due to a significant change in duties and responsibilities, and must be communicated as such by the immediate supervisor and/or manager.
1. The Office of Human Resources may re-evaluate a job and reassign it to a different title and/or pay grade as determined appropriate.
 2. When a job is re-evaluated and assigned to a higher pay grade, increases to the base pay rates of the employee(s) in the job(s) may be required. Calculations of the pay increases will normally be handled in the same manner as promotions, as stated in this policy (MAPP 02.02.01, VI, A, 1-6). Any pay increase granted should raise the employee's pay to at least the minimum of the new pay grade.
 3. Re-evaluating a job to a lower pay grade may or may not result in a reduction to an employee's pay. If the current pay of an employee is above the new maximum, the individual's pay will be "red-circled" and all increases to base pay will be withheld until the compensation level is less than the new maximum. However, salary adjustments to such individual's can be in the form of lump sum or one time payments with supporting documentation and approval of the Office of Human Resources. However, Human Resources may determine in collaboration with the Dean/Director that an employee salary should be reduced due to internal equity concerns.
- G. Lateral Transfers or Lateral Job Changes: Lateral job changes occur when the responsibilities of a job have changed but are similar in scope, and the overall job requirements are comparable and have the same pay grade as the old jobs. Lateral transfers occur when an employee transfers to another job within the same pay grade and pay range. Please note that transfers may also occur as a result of a disciplinary matter. Transfers done for disciplinary reasons must be conducted pursuant to the University Discipline and Termination Policy. (Please see MAPP 02.05.03)

H. Equity: An adjustment may be made to correct or alleviate a significantly negative pay rate relationship to the external market or a significant internal pay inequity. This type of salary adjustment is not a result of performance. Managers should communicate clear that equity adjustments are not performance based, when communicating the awarding of an equity adjustment to an employee.

1. The Office of Human Resources conducts periodic audits of pay rates within classifications to identify potential pay inequities. It is also the responsibility of the division/college/department to bring to the attention of the Office of Human Resources any significant pay inequity or other pay problem that may exist within the unit or organization.
2. The division/college or department head may request an equity pay adjustment whenever there is reason to believe that the present pay level of an employee or group of employees is significantly reducing the University's ability to provide service.

I. Interim Assignment: A temporary pay increase may be granted for assuming additional responsibilities on an interim basis for a specified period of time or until the vacant job is filled. Normally interim assignments will not result in changes to exemption status as defined in FLSA regulations.

1. Interim Assignments:

Nominations of employees to fill positions on an interim basis may be approved by the President and forwarded to Human Resources. Nominations may also be made by the employee's management in order to fill vacated positions where the work must continue until a permanent replacement is hired. Interim appointments must have the final approval of the President and/or Human Resources.

- a. Employees nominated for Interim positions must possess the minimum qualifications for the position. Any exception must be approved by the President or Human Resources.
- b. If an employee occupying an interim position does not apply or is not selected for the permanent position, the employee may return to their previous position (or another appropriate position) for which the employee qualifies, as determined by the hiring manager and approved by Human Resources.

2. Interim Salary Increase

Employees appointed to an interim position must perform the duties of the higher level job for at least 6 weeks before an interim personnel action is processed. The interim assignment should not exceed one (1) year. Within this timeframe the employee can be placed on the payroll with the interim title by means of a personnel action form. The employee may receive a temporary pay increase of up to 25% of salary for the duration of the assignment, as recommended by the hiring manager and approved by Human Resources. The interim salary should not exceed the salary of the previous incumbent or the budgeted amount for the position. The interim salary should not fall below the minimum, nor exceed the maximum of the pay grade established for the position, when applicable.

3. End of Interim Assignment

Upon return to the previous position, the personnel action process is initiated by the hiring manager who will prepare a personnel action form to return the employee to the previous position or an appropriate position within the department. A return to a lower level position may be accompanied by a decrease in salary, back to the previous salary before the interim appointment, and factoring in any applicable institutional or merit increases that have occurred since the interim appointment.

VII. POLICY PROVISIONS - GENERAL

- A. Funds for university wide pay adjustments are usually determined during the annual budget preparation cycle and shall be approved by the Board of Regents with the annual operating budget.
- B. Except where across-the-board increases are mandated or equity adjustments are required, the recognition of meritorious performance should be the dominant consideration in reviews and adjustments of pay. The Office of Human Resources shall maintain and communicate up-to-date, written procedures for evaluation of employee performance. All employees must receive a review of their performance at a minimum of once per fiscal year. These annual reviews can form the documentation necessary to justify merit increases.
- C. An employee with delinquent university debt is ineligible for any personnel action that results in increased status or pay or any other financial benefit until

the delinquent debt is paid in full (MAPP 02.05.17 – Debt Collection of Employees).

- D. All pay adjustments are subject to review, approval, and recommendation through established channels, including the Office of Human Resources.
- E. Benefit Replacement Pay: Benefit Replacement Pay for eligible employees (continuous state service since 8/31/95) is considered to be included in the salary for current and newly hired employees as well as for any subsequent salary adjustments.
- F. All approvals prescribed in this MAPP must be obtained prior to the effective date of the pay increase or change in salary. Documents changing employee records received in Human Resources after the effective date of the pay increase or change shall have the effective date changed by Human Resources to reflect the date of the beginning of the next pay period.

VIII. REVIEW AND RESPONSIBILITY

Responsible Party: Associate Vice President/Chief Human Resources Officer

Review: Every three years, on or before September 1

IX. APPROVAL

Edward C. Ness
Vice President for Administration and Finance

John M. Rudley
President

Effective Date March 2016