




3300 METZEROTT ROAD  
ADELPHI, MD 20783-1690

**TO:** Presidents  
**FROM:** William E. Kirwan   
**DATE:** April 16, 2008  
**RE:** Salary Guidelines for FY 2009

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### I. Introduction

The General Assembly has funded a 2% cost-of-living adjustment (COLA) to be added to the base salary for State employees. For those employees working less than full-time, the COLA amount is to be prorated based on the percentage of FTE. The effective date of the COLA is July 1, 2008. The FY 2009 budget also includes funds for 2.5% merit increases on July 1, 2008.

At its April 11, 2008 meeting, the USM Board of Regents (BOR) approved the proposed revisions to the Exempt Staff salary structures. The new salary structures (Wide and Traditional) are attached and they apply to all Exempt Staff employees on Regular and Contingent status. Regarding the Nonexempt salary structure, the hourly rates have been recalculated using the "non-leap year" factor. The revised structure is attached and is in effect until June 30, 2009.

Furthermore, there has also been a personnel change enacted by the Federal Government to increase the Federal Minimum Wage from \$6.15/hr. to \$6.55/hr. effective July 24, 2008. This new rate adjustment applies to anyone employed at the USM currently being paid less than \$6.55/hr.—General Assistants, Graduate Assistants, Lecturers, Student Workers, etc. For purposes of the USM payroll, the Minimum Wage rate change will take effect at the beginning of the pay period as follows: former BOT institutions on July 16, 2008; UM institutions on July 20, 2008.

The following guidelines are intended to accommodate most circumstances that may be encountered as salary issues are considered during FY 2009. Each president should establish institutional guidelines consistent with the overall USM BOR policies and the guidelines included in this memorandum, taking care to administer the policies consistently within your institution.

Please ensure that salaries for new employees do not create significant salary inequities when compared with salaries of current Faculty or Staff employees. It is important that your institution's working budget for FY 2009 be accurate with respect to incumbents, salaries, and positions (including percent of full-time and multiple fund sources). As a general practice, unfilled positions should be included in the working budget with sufficient funds.

## II. Guidelines

These guidelines apply to all USM Faculty and Staff employees on *Regular* and *Contingent Status*, regardless of the fund sources available to an institution. Promotion and/or reclassification increases for Faculty and Staff and the schedule for Graduate Assistant stipends are not covered by these guidelines.

The sequence to calculate salary adjustments on July 1, 2008 is as follows:

Order	Item
First	Adjustments to the new minimums of revised Exempt Salary Structures effective July 1, 2008 as approved by Board of Regents
Second	COLA = 2%. Amounts are to be prorated based on % FTE for those staff employed less than 100%. COLA is given in full regardless of Pay Range maximum.
Third	Merit increases (shall <u>not</u> exceed maximum of Pay Range)
Fourth	Any increase for reclassification or promotion that may be effective on that same date (July 1, 2008)

For example, using a salary of \$47,000 the FY 2009 salary is calculated as follows:

Current salary of \$47,000 + 2% COLA (\$940) = \$47,940  
 Merit of 2.5% (assuming full amount) is calculated on this figure: \$47,940 \* 2.5% = \$1,199  
 FY 2009 Salary: \$47,940 + \$1,199 = \$49,139

Example using a Regular Status Exempt employee salary of \$29,000 on Pay Range 1:

Current salary of \$29,000 + \$149 adjustment to new minimum of Pay Range 1 = \$29,149  
 \$29,149 + \$583 (2%) COLA = \$29,732  
 Merit of 2.5% is calculated on this figure: \$29,732 \* 2.5% = \$743  
 FY 2009 Salary: \$29,732 + 743 = \$30,475.

Example using a less than 100% FTE salary – Employee working 50%, earning \$30,500:

Current salary of \$30,500 @50%FTE + \$610 COLA (note prorated based on % of FTE) = \$31,110. (*if full-time, salary is \$61,000 + \$1,220 COLA = \$62,220*)  
 Merit of 2.5% is calculated on this figure: \$31,110 \* 2.5% = \$777.75  
 FY 2009 Salary: \$31,110 + \$777.75 = \$31,887.75

### 1. Salary Structures

- a. The revision to the *Exempt Staff Employees Salary Structures (Wide and Traditional)* was approved by the BOR effective July 1, 2008 and the structures will remain in effect through June 30, 2010. The biennial market salary survey was conducted in December 2007 and the results show that the USM's Exempt salary structures need to be adjusted at this time in order to remain competitive with the market.

- b. The current *Salary Structure* for *Nonexempt Staff* employees remains in effect through June 30, 2009. Please note that the recalculation of hourly rates now reflect the “non-leap year” factor.

Those institutions with a labor union representing the Nonexempt and/or Exempt Staff employees may be asked to bargain over salary structures. Please keep in mind the aforementioned comments on the salary structures when evaluating any proposals.

2. **COLA** – The cost-of-living adjustment, as described in the first paragraph of this memorandum, is effective July 1, 2008. The COLA will be added to the base salary. In the USM, the COLA shall be given to all employees on *Regular Status*, consistent with their percentage of work, and who are on the payroll on June 30, 2008. The full amount of COLA is given regardless of the Pay Range maximum. *Contingent Status* employees may be given the COLA and their contract renewals may be written with this additional salary adjustment.
3. **Merit Increases** – All merit increases for Faculty and Staff on Regular Status are to be based on performance. Employees who are at/above the top of their pay range will not receive base salary increases for merit in excess of the maximum of their pay range. *Contingent Status* employees may be given a merit increase, and their contract renewals may be written with this additional salary adjustment.

Note on merit: Collective bargaining agreements approved by the Board take precedence over the language in this section.

- a. *Nonexempt Staff Employees*

The FY 2009 budget includes funds for merit increases for *Nonexempt Staff* employees—2.5% merit for those who receive an overall rating of at least “Meets Standards” on their performance evaluation. Such merit increases are to be distributed to individual employees in accordance with applicable USM policies.

*Based on availability of funds at the institution, per BOR policy, up to an additional 2.5% total merit increase—in the form of a percentage or flat dollar amount—may be awarded for “Above Standards” and for “Outstanding” performance. A lower percentage or flat dollar amount may be awarded for “Above Standards” performance, and the remaining higher portion for “Outstanding” performance. The increase will be applied to the base salary and will take effect on July 1, 2008. (Refer to guideline #4 below for Non-cumulative Cash Bonuses.)*

- b. *Exempt Staff Employees*

The budget includes funds for a 2.5% average merit pool for *Exempt Staff* employees. Each institution is expected to target these monies for merit.

- c. *Faculty Employees*

The budget includes funds for a 2.5% average merit pool for *Faculty* employees. Each institution is expected to target these monies for merit.

4. **Non-cumulative Cash Bonuses** – According to BOR Policy VII-9.20, Section X., A. and B., a bonus in the form of a lump sum, non-cumulative cash award may be granted to a *Nonexempt Staff Regular Status* employee for achievement of a significant contribution to the institution. The bonus shall not be added to the base salary. This bonus is not to be confused with, or intended to take the place of, the “additional merit for Above Standards or Outstanding performance” discussed in paragraph 3.a. above. This policy may also be applied to Exempt Staff and Faculty employees.
5. **Salary Adjustments** – The total adjustment to an individual’s salary in excess of 15% shall be reviewed by the president. The term “total adjustment” includes the COLA, merit, one-time bonus, equity, and/or retention. Written documentation should support your decisions for these adjustments. **Further, total adjustments in excess of 15% shall be reported as noted below under Required Reports.**

With the exception of reclassifications and promotions for Staff employees, and the renewal of contracts for Contract Faculty and Staff employees, salary adjustments generally should not be made during the fiscal year.

6. **Contingent Staff Employees** – Salaries must be paid at least at the minimum of the appropriate pay range.

### **III. Required Reports**

The following items should be submitted to Associate Vice Chancellor James E. Sansbury of the USM Office of Human Resources, no later than June 30, 2008:

1. Letter of certification that the salary actions you have taken for FY 2009 are consistent with the guidelines established herein;
2. Report of salary adjustments in excess of 15% that you have approved, with a brief explanation in support of your decision;
3. Report of the *Ratings of Nonexempt Performance Evaluations and additional merit increases given for Above Standards and/or Outstanding* (see attached format); and
4. Updated list of institution key staff containing salary data for FY 2008 and FY 2009 (see attached format).

If you have any questions, please contact James E. Sansbury at (301) 445-1966 or via email at [sansbury@usmd.edu](mailto:sansbury@usmd.edu).

#### Attachments

cc: Joseph F. Vivona, COO/VCAF  
Vice Presidents for Administration  
Provosts and Academic Vice Presidents  
Vice Chancellors

Janice Doyle  
James E. Sansbury  
Rosario I. van Daalen  
Monica West