



OFFICE OF THE CHANCELLOR

TO: USM Presidents
FROM: William E. Kirwan 
Chancellor
DATE: April 17, 2014, 2014
RE: FY 2015 USM Compensation Guidelines

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Baltimore

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University of Maryland,
College Park

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Towson University

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University of Maryland
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Coppin State University

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University of Maryland
Center for Environmental
Science

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University of Maryland
University College

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University of Maryland,
Baltimore County

I. Introduction

With the completion of the General Assembly's 2014 Session, we are able to provide guidelines for the compensation of faculty and staff of the University System of Maryland (USM) in Fiscal Year 2015. After years of difficult economic times, we are pleased to be able to provide both merit increases and Cost of Living Adjustments (COLA) in FY 2015. The General Assembly has authorized these increases as follows:

- Merit increases on July 1, 2014;
- A two percent (2%) COLA to be made on January 1, 2015.

In addition, for the first time in four years, the General Assembly has placed no restrictions on the ability of our institutions to provide for retention, equity and other necessary increases to faculty and staff during the coming fiscal year. While we will continue to ask for reporting on certain of those increases, I am pleased to say that the detailed retention increase approval processes of the last few years are no longer required. We believe that the flexibility afforded to us by the General Assembly in FY 2015 is in large part the result of the good judgment and restraint that you demonstrated in administering retention increases over the last few years. It is important that we remain similarly judicious in providing discretionary increases in FY 2015.

The following mandatory guidelines take effect July 1, 2014 and continue through the fiscal year. They are intended to implement the State Budget requirements related to employee compensation that will arise in FY 2015. Each President may establish institutional guidelines consistent with this document and related USM policies to ensure their appropriate administration on your campus and to address compensation processes, issues or collective bargaining requirements specific to your institution.

II. Scope

These guidelines apply to all USM Faculty and Staff employees in Regular or Contingent I or II status, regardless of the source of funding for the employee's position. The only categories of compensated individuals exempted from the guidelines are adjunct faculty, graduate assistants, fellows, post-docs and student employees. Nonetheless, each institution is encouraged to consider appropriate increases in the compensation and/or stipends of these groups of employees and students.

In particular, please note the Maryland Minimum Wage Act of 2014 (HB 295), passed recently by the General Assembly, increases the minimum wage for all Maryland workers to \$8.20⁰⁰ per hour as of January 1, 2015. This new minimum wage will apply to all USM employees, including student employees and general assistants, as of that date.

III. Guidelines

A. Merit Increases

The General Assembly has approved merit increase funding for FY 2015, with an implementation date of July 1, 2014. FY 2015 merit increases will be based on the employee's past performance during an evaluation period ending no later than the end of FY 2014. Employees must receive at least a "Meets Standards" rating (or its equivalent) to qualify for a merit increase. Each institution will develop a plan to complete the performance evaluations upon which the merit increases will be based and to notify employees of resulting increases.

1. **Nonexempt Staff:** Consistent with USM Policy VII-9.20, Nonexempt staff who are given an evaluation ranking of "Meets Standards" or better shall receive a merit increase of 2.5%. Based upon the availability of institution funds, an institution may also award an amount up to an additional 2.5% as a merit increase for Nonexempt staff whose performance is above standards and/or outstanding; institutions with Nonexempt, union-represented bargaining units should be sure to notify the unit's exclusive representative of any plans to provide this form of "extra merit," consistent with the institution's collective bargaining agreement.
2. **Exempt Staff and Faculty:** Merit increases for other employees shall reflect their performance, consistent with the institution's performance evaluation plan and standards and any relevant collective bargaining agreement requirements. The FY 2015 budget includes funding for a 2.5% average merit pool for Exempt Staff and Faculty employees.
3. **Contingent Staff and Contractual Faculty:** Institutions may elect to provide a merit increase to Contractual Faculty and Contingent Staff employees as a matter of discretion.

According to USM policy, Nonexempt and Exempt Staff employees are eligible to receive a merit increase up to the maximum of their respective pay ranges. In FY 2015, institutions may continue to provide the applicable merit increase above the maximum of an employee's range in the form of a one-time payment that is not added to the employee's base salary.

B. Salary Structures

1. Exempt Staff Salary Structure: Consistent with USM policy, the Board of Regents approved adjustments to the USM's Exempt Staff salary structure on April 11, 2014, based upon a recently-completed USM market analysis of Exempt salaries. Resulting changes to the Exempt Staff salary structure, including adjustments to ensure that all employees are compensated at least at the minimum of the appropriate pay range in the revised structure, will be made starting in the first full pay period of fiscal 2015. (The adjustments will be made at former Board of Trustee institutions on July 9, 2014 and at University of Maryland institutions on July 13, 2014.)
2. Nonexempt Staff Salary Structure: The Nonexempt Staff Salary Structure approved by the Board of Regents in June, 2013 and implemented in January, 2014 remains in effect through June 30, 2015.

C. FY 2015 COLA

A 2% COLA increase will be made, effective on January 1, 2015, for all USM Regular Faculty and Staff employees on institution payrolls as of December 31, 2014. The FY 2015 budget includes funding to increase Regular employees' base salaries by 2% on that date to reflect the COLA adjustment. Institutions may elect to provide a COLA to Contractual Faculty and Contingent Staff employees as a matter of discretion.

D. Other Compensation Increases

1. Non-Cumulative Cash Bonuses: Consistent with BOR Policy VII-9.20, Section X, an institution may award a lump-sum, non-cumulative cash award to an employee "for an extraordinary contribution which substantially benefits the . . . institution." The bonus may not be added to the employee's base salary, and is distinct from any merit increase provided under Section III.A of these Guidelines. Such bonuses are to be awarded only under rare and unique circumstances, and shall be reported to the Chancellor (see Section IV of these Guidelines).
2. Non-Salary Taxable Compensation: Any increases in non-salary taxable compensation (e.g., housing and car allowances, and deferred compensation contributions) must be authorized by the President and approved in advance by the Chancellor.

IV. Required Reports

The following reports are required in FY 2015. They should be submitted to Associate Vice Chancellor JoAnn Goedert in the USM Office of Administration and Finance, no later than July 15, 2014:

- A. President's Affirmation Letter. Affirms that the salary and compensation actions taken for FY 2015 are consistent with the guidelines established herein, with the President's signature. (See attached letter template).
- B. Periodic Report of Significant Salary Adjustments. Provides itemized detail of significant Faculty and Staff employee salary adjustments, to include:
 - 1. Merit increases of 10% or more;
 - 2. Other salary adjustments for Exempt Status Staff and Faculty employees that result in a cumulative compensation increase of 15% or more during/over the course of FY 2015; and
 - 3. Any Non-Cumulative Cash Bonus paid in FY 2015.

For FY 2015, four periodic reports will be required on:

July 15, 2014: For increases effective on July 1, 2014.

November 18, 2014: For increases effective after July 1 - October 31, 2014.

April 1, 2015: For increases effective November 1, 2014 - March 15, 2015.

July 15, 2015: For increases effective March 16 - June 30, 2015.

- C. Updated List of Institution Key Staff Employees. Includes, at a minimum, institution officers, direct reports to the President, and individuals whose contracts or other compensation agreements that fall under the USM Policy on the Review of Highly Compensated Personnel, containing compensation data for FY 2014 and FY 2015. (see attached format).

If you have any questions regarding these guidelines and reporting requirements, please contact JoAnn Goedert at (301) 445-1921 or via email at jgoedert@usmd.edu. Thank you very much.

Attachments

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

JoAnn Goedert
Rosario I. van Daalen
Lorri McMann
Monica West