

#### OFFICE OF THE CHANCELLOR

To: USM Presidents

FROM: Robert L. Caret, Chancellor Ruhut. Caret

DATE: May 16, 2017

RE: FY 2018 USM Compensation Guidelines

## I. Introduction

With the completion of the General Assembly's 2017 Session, we are now able to provide guidelines for the compensation of faculty and staff of the University System of Maryland (USM) in Fiscal Year 2018. Unfortunately, the FY 2018 budget does not provide for COLA or merit increases. Thus, we are left with limited tools to improve compensation, with positive developments including:

- The General Assembly has placed no restrictions on the ability of institutions to provide for retention, equity and other necessary increases to faculty and staff during the coming fiscal year. We believe that the flexibility afforded to us by the General Assembly in the coming fiscal year is in large part the result of the good judgment and restraint that you demonstrated in administering the compensation program through the previous years. It is important that we remain similarly judicious in providing discretionary increases in FY 2018.
- An adjustment to the Nonexempt salary structure that provides modest increases to nonexempt employees currently paid at rates lower than the minimum salaries in the adjusted FY 2018 structure.

The following mandatory guidelines take effect July 1, 2017 and continue through the fiscal year. They are intended to implement the State Budget requirements related to employee compensation that will arise in FY 2018. 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 these 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.

### III. Guidelines

### A. Merit Increases

No merit increases were authorized by the General Assembly.

# B. FY 2018 Cost of Living Adjustment

No Cost of Living Adjustments were authorized by the General Assembly.

## C. Salary Structures

- 1. Nonexempt Staff Salary Structure: On April 21, 2017, the Board approved adjustments to the USM's Nonexempt salary structure effective July 1, 2017, which will provide for 5.6% increases to the structure that is currently in place. Adjustments are to be made to increase salaries of employees (including Contingent I's and II's, and staff members on probation) whose July 1 salaries are less than the minimum salaries in each range.
- 2. Exempt Staff Salary Structure: The Structure implemented in January 1, 2017 will remain in effect through June 30, 2018.

### D. Minimum Wage

The minimum wage for all Maryland workers will increase to \$9.25 per hour starting July 1, 2017. The new minimum wage will apply to all USM employees, including student employees and general assistants, as of this date.

# E. Unauthorized Compensation Increases

The following compensation increases are not permitted in FY 2018:

- 1. Cost of Living Adjustments (COLAs);
- 2. Merit Increases;

- 3. Contract Renewal Increases: Any salary increase related to the renewals of contracts for contractual faculty and Contingent Staff employees not otherwise authorized by these guidelines;
- 4. Non-Cumulative Cash Bonuses: An institution may not award a non-cumulative cash bonus as described in BOR Policy VII-9.20, Section XVI. A and B; or
- Non-Salary Taxable Compensation: Increases in non-salary taxable compensation (e.g., housing and car allowances, and deferred compensation contributions) unless authorized by the President and approved in advance by the Chancellor.

# F. Types of Compensation Not Restricted by the Guidelines

- 1. Retention
- 2. Variable Compensation Programs for Faculty

Institutions with established Faculty incentive programs (e.g., Total Approved Salary) related to externally funded contracts, grants, and clinical services may increase compensation up to the previously established ceiling, as appropriate and governed by institutional policy and procedures. The incentive program ceiling for an individual cannot be increased. Additional State and auxiliary funds may not be used to fund additional compensation under this option.

For employees who are compensated with direct Veteran's Administration (VA) payments, the Total Approved Salary may reflect adjustments made to the VA component as required by the VA.

- 3. Equity increases; for example, increases required to comply with federal and state equal opportunity employment laws;
- 4. Reclassifications:
- 5. Promotions:
- Payment for additional duties, such as summer and winter term teaching, overload teaching, on-call or clinical coverage, and temporary service in an acting capacity; and
- 7. Awards, including Board of Regents awards for staff and faculty, and institution service and other awards.

### G. Other Salary Adjustments

Other compensation adjustments generally should not be made during the fiscal year. When justified (e.g., supplemental compensation for contractual employees for health coverage cost increases), salary adjustments may be made. Any such adjustments should be included in the institution's periodic report to the Chancellor.

## IV. Required Reports

The following reports are required in FY 2018 and should be sent to HR Officer Tom Hoffacker in the USM Office, no later than Monday, July 17, 2017, unless otherwise stated.

- A. President's Affirmation Letter. Affirms that the salary and compensation actions taken for FY 2018 are consistent with the guidelines established herein, with the President's signature.
- B. Periodic Report of Significant Salary Adjustments. Provides itemized details of significant Faculty and Staff employee salary adjustments, to include salary adjustments for Exempt Status Staff and Faculty members that result in a cumulative compensation increase of 10% or more during/over the course of FY 2018.

For FY 2018, Periodic Reports of Significant Salary Adjustments will be required on:

- December 15, 2017: For increases effective from July 1 to November 30, 2017.
- July 20, 2018: For increases effective from December 1, 2017 to June 30, 2018.
- C. Updated List of Institution Key Staff Employees. This must include, 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 Review of Certain Contracts and Employment Agreements, containing compensation data for FY 2017 and FY 2018.

Suggested reporting formats for each of these reports, an affirmation letter template, and other guidance will be provided by May 22. If you have any questions regarding these guidelines and reporting requirements, please contact Tom Hoffacker at (301) 445-1967 or via email at <a href="mailto:thoffacker@usmd.edu">thoffacker@usmd.edu</a>. Thank you.

cc: Joseph F. Vivona, COO/VCAF
Vice Chancellors
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