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TO: Presidents
FROM: William E. Kirwan 
DATE: April 20, 2007
RE: Salary Guidelines for FY 2008

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, 2007. The FY 2008 budget also includes funds for 2.5% merit increases on July 1, 2007. Additionally, the USM Board of Regents (BOR) approved the proposed revisions to the Nonexempt Staff salary structure at its April 13, 2007 meeting. The new salary structure is attached and it applies to all Nonexempt Staff employees on Regular and Contingent status. The minimum of Pay Range 1, at \$20,772, reflects the State's Living Wage adjusted for FY 2008.

The following guidelines are intended to accommodate most circumstances that may be encountered as salary issues are considered during FY 2008. 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 2008 be accurate with respect to salaries, positions (including percent of full-time and multiple fund sources), and incumbents. As a general practice, unfilled positions should be included in the working budget with sufficient funds to fully fund the vacancy.

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.

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The sequence to calculate salary adjustments on July 1, 2007 is as follows:

Order	Item
First	Adjustments to the new minimums of revised Nonexempt Salary Structure effective July 1, 2007 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, 2007)

For example, using a salary of \$47,000 the FY 2008 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 2008 Salary: $\$47,940 + \$1,199 = \$49,139$

Example using a Regular Status Nonexempt employee salary of \$20,364 on Pay Range 1:

Current salary of \$20,364 + \$408 adjustment to new minimum of PR1 = \$20,772

$\$20,772 + \$415 (2\%) \text{ COLA} = \$21,187$

Merit of 2.5% is calculated on this figure: $\$21,187 * 2.5\% = \530

FY 2008 Salary: $\$21,187 + 530 = \$21,717$

Example using a less than 100% FTE salary – Employee working 50%, earning \$35,500:

Current salary of \$35,500 @ 50% FTE + \$710 COLA (note prorated based on % of FTE) = \$36,210

(if full-time, salary is \$71,000 + \$1,420 COLA = \$72,400)

Merit of 2.5% is calculated on this figure: $\$36,210 * 2.5\% = \905.25

FY 2008 Salary: $\$36,210 + \$905.25 = \$37,115.25$

1. Salary Structures

- a. The revision to the *Nonexempt Staff Employees Salary Structure* was approved by the BOR effective July 1, 2007 and the structure will remain in effect through June 30, 2009. The biennial market salary survey was conducted in December 2006 and the results show that the USM's salary structure needs to be adjusted at this time in order to remain competitive with the market.
- b. The current *Salary Structures* for *Exempt Staff* employees remain in effect through June 30, 2008.

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 (COLA), as described in the first paragraph of this memorandum, is effective July 1, 2007. 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, 2007. 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. The CEO of an institution may submit a written request for a waiver to the Chief Operating Office/Vice Chancellor for Administration and Finance to award a one-time payment in lieu of merit in the amount which would otherwise exceed the maximum of the pay range for those employees. Any request should include a justification, costs, the number of employees, job titles and pay grades.

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

a. *Nonexempt Staff Employees*

The FY 2008 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, 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, 2007. (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 (shall not be added to base), may be granted to a *Nonexempt Staff Regular Status* employee for achievement of a significant contribution to the institution. 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 you. The term “total adjustment” includes 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 all 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.

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, 2007:

1. Report of salary adjustments in excess of 15% that you have approved, with a brief explanation in support of your decision;
2. Report of the *Ratings of Nonexempt Performance Evaluations* (see attached format);
3. Letter of certification that the salary actions you have taken for FY 2008 are consistent with the guidelines established herein; and,
4. Updated list of institution key staff containing salary data for FY 2007 and FY 2008 (see attached format).

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

Enclosures

cc: Joseph F. Vivona, COO/VCAF
Provosts and Academic Vice Presidents
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Katie Ryan
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