

North Dakota State University

Policy Manual

SECTION 129

SALARY ADMINISTRATION POLICY

SOURCE: NDSU President
NDUS Human Resource Policy Manual, Section 5

1. Philosophy and Objectives

The primary purpose of salary administration at North Dakota State University is to attract and retain well-qualified individuals who can best contribute to the University's stated mission. Decision-makers in the salary administration process will strive to make salary decisions fairly and communicate them effectively. To provide the University with the ability to use its limited resources most effectively, salary administration aims, in priority order, to:

first, be responsive to market influences with consideration for internal equity (see Definitions portion of this policy);

second, recognize different performance levels among employees;

third, acknowledge the basic financial needs of all employees; and

fourth, take into consideration the costs of turnover (for training, research start-up and indirect as well as direct recruitment) and the adverse effects of inadequate salaries on the need for supervision, employee morale and institutional image.

2. Methods and Guidelines

NOTE: The ability to make salary adjustment decisions at the campus level depends on legislative action and State Board of Higher Education (SBHE) guidelines. In years when no campus discretion is authorized, most of the following process will not be applicable.

2.1 Salary adjustments are divided into two main categories:

- a) annual budgeted salary adjustments and
- b) other salary adjustments.

2.1.1 **Annual budgeted salary** adjustments are based on one or more of the types described in Definitions portion of this policy. **When campus-wide salary adjustments are provided by legislative and SBHE action**, the campus decision process is as follows:

- a) President's Office provides any relevant legislative or Board directives regarding salary adjustments after consultation with the NDUS office staff and the Chancellor's Cabinet.
- b) The President and Vice Presidents determine priority needs of the institution that require use of salary dollars (new positions and/or reallocations) based on

information from sources such as deans, directors, department chairs, the Office of Human Resources/Payroll, the Office of the Provost, the President of the Faculty Senate, the President of the Staff Senate, the Program Review Committee, and Planning, Priorities and Resources Committee.

- c) The President and the Vice Presidents establish guidelines, using institutionally recognized market and internal equity data and input from the campus community. They communicate the guidelines to be used in making adjustment decisions, indicating the proportion of salary dollars allocated to each type (see Definitions). These types and proportions are determined according to institutional needs and initiatives whenever campus-wide adjustments are possible.
- d) Once the types and proportions have been determined, the President and Vice Presidents allocate remaining salary adjustment pools to their respective administrative units.
- e) Unit administrators, using the guidelines established by the President and Vice Presidents, allocate the salary pools within their units.
- f) Within the units, each administrator/supervisor develops individual salary adjustment recommendations using performance documentation and other data appropriate to that year's guidelines (institutionally recognized internal equity or market studies, for example).
- g) Unit administrators review and discuss recommendations and documentation for the recommendations (performance documentation, institutionally recognized market or internal equity data) with the administrator/supervisor, adjust the recommendations and/or forward the recommendations to the appropriate vice president.
- h) Prior to recommending the final salary adjustments to the President, each Vice President will consult with the Director of Human Resources/Payroll and/or the Vice Provost for Faculty and Equity to review implications of the recommended adjustments for the campus as a whole and to advise the Vice Presidents on whether there is appropriate documentation for the adjustment, the potential impact on equity generally or whether the proposed adjustment is in compliance with policy.
- i) President presents the budget including salary adjustments to the Chancellor.
- j) Following SBHE approval of the budget, administrators/supervisors, when possible, will inform each employee of his/her salary for the coming fiscal year and the basis for the salary decision prior to the distribution of the University's annual salary notifications.

2.1.2 Other salary adjustments job family or band reassignment adjustments (if applicable), promotions, market, internal equity and responsibility adjustments including interim appointments and significant administrative assignments (see Guidelines for Other Salary Adjustments portion of this policy.).

3. Process for Impartial Review of Salary Adjustment Decisions

Current grievance policies are available as a means to provide an impartial review of a salary adjustment decision. An employee who thinks that the decision concerning his/her salary is inappropriate may request a review by choosing one of the following options.

3.1 The first is based on the type of appointment the individual holds:

- a) **Staff employees:** NDSU Policy Manual, Section 230, Grievance Procedure for Conditions of Employment.
- b) **Faculty:** NDSU Policy Manual, Section 353, Grievances - Faculty. This grievance procedure is available to instructors, assistant, associate and full professors, lecturers and graduate teaching assistants.
- c) **Nonfaculty, nonbanded employees:** NDSU Policy Manual, Section 230, Grievance Procedure for Conditions of Employment. The Staff Personnel Board described in Step 4 will consist of other nonfaculty, nonbanded employees.

3.2 The second is available to **any employee** when his/her salary decision is alleged to have been made on the basis of an employee's age, color, disability, gender expression/identity, genetic information, marital status, national origin, public assistance status, race, religion, sex, sexual orientation, status as a U.S. veteran, or participation in lawful activity off the employer's premises during nonworking hours which is not in direct conflict with the essential business-related interests of the employer: NDSU Policy Manual, Section 156, Equal Opportunity Grievance Procedures.

4. Distribution and Communication of the Policy

To facilitate the understanding of salary administration at NDSU, this policy will be included in the NDSU Policy Manual, the Faculty Handbook and any employee handbooks prepared by units within the University. In addition, an annual notice about this policy will be published in an appropriate spring issue of the University's staff and faculty newsletter (currently It's Happening at State).

5. Definitions

At NDSU, annual salary adjustments are based on one or more of the following:

- 5.1 **Cost of living adjustment** is an across-the-board amount related to—but not necessarily the same as—the changes in the cost of living (determined by the Consumer Price Index which reflects the changes in the cost of various consumer items during the previous 12 month period). Cost of living adjustments become part of an individual's salary base.
- 5.2 **Internal equity** is a comparison of salaries for similar positions at NDSU (or in the University System and/or State government when there is a limited basis for comparison at NDSU) based on appropriate and relevant data including these factors: **previous related experience** outside the university, a sustained change in **responsibility** that is more or less than what is considered normal for that type of position, **education**, or **responsibility level** within a group of similar positions at NDSU. Internal equity adjustments become part of an individual's base salary.

NOTE: **length of service** is relevant for internal equity ONLY in the context of performance; that is, consideration of performance should override length of service in salary decisions.

5.3 **Market or external equity** is the comparison of NDSU salaries with those of other employers in

the applicable recruitment area based on bona fide and relevant data. While NDSU may recruit nationally to fill a position, the salary may be established by using institutionally recognized, regional data. Market or external equity adjustments become part of an individual's base salary.

5.4 **Performance adjustment** is one based on level of performance identified through documentation, including an established review process. Performance adjustments may be made in one of two ways:

- a) As a one-time payment when performance has been **exceptionally meritorious in the preceding year**. This type of adjustment does not become part of the salary base and is made as a single payment. The source of salary funding may dictate the availability of this option.
- b) As a range of adjustments based on **sustained** meritorious performance. This type of adjustment becomes a part of the salary base.

6. Guidelines for Other Salary Adjustments

All staff positions are assigned to a salary band. The bands include job families with market levels for each position. (NDUS Human Resource Policy Manual 5.1)

Individual salary adjustments may be made throughout the year for the following reasons:

- 6.1 **Non-broadbanded staff.** When an employee moves from one position to another involving an increased level of responsibility, the employee may receive a salary adjustment appropriate for the new level of responsibility. The adjustment must be consistent with internal equity and market and is subject to approval of the appropriate dean/director, vice president and the President.
- 6.2 The equity adjustments for staff are normally limited to ten percent but may exceed that amount with supportive documentation (NDUS Human Resource Policy Manual 5.1.6).
 - 6.2.1 **Equity adjustments.** On a case-by-case basis, significant internal inequities may arise outside the annual salary review process described in 2.1. In these unusual situations, a request for an adjustment may be initiated. Factors generally considered are directly related experience, job performance and level of responsibility. The decision to request an equity adjustment should include consultation with the Office of Human Resources/Payroll and/or the Office of the Provost, whichever is appropriate, and appropriate documentation should accompany the NDSU Change Form 101.
 - 6.2.2 **Market adjustments.** A market adjustment is intended to mitigate a documented external inequity using North Dakota University System recognized market data. Market adjustments are normally limited to ten percent but may exceed that amount with supportive documentation and appropriate administrative approval. Market adjustment proposals must consider institutional internal equity.
- 6.3 **Responsibility adjustments** including interim and administrative appointments
 - 6.3.1 Adjustments for substantial, documented reassignments or changes in the duties/responsibilities within the same position may be initiated after consultation with the appropriate vice president or president. Documentation should accompany the NDSU Change Form 101.

- 6.3.2 For staff employees, rationale will include changes in the level of responsibility as documented by a Position Description; and changes in band and/or job family.
- 6.3.3 Adjustments for interim appointments and administrative assignments are limited to the period for which these assignments are made and do not become part of the salary base. For staff interim appointments, increases should not be given for interim periods of less than thirty days and staff employees may not retain the higher compensation level for more than thirty days after the interim period ceases to exist. (NDUS Human Resource Policy Manual 5.1.3.1).
- 6.4 The **attainment of a degree or license** does **not** automatically result in a salary adjustment. In some cases an adjustment for market and/or internal equity may be appropriate. Such adjustments should be recommended on the basis of the same type of documentation required for other market or internal equity adjustments.
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HISTORY:

New	November 1995
Amended	November 1996
Amended	January 1997
Amended	May 1997
Amended	December 1998
Amended	July 1999
Amended	August 1999
Amended	October 2005
Amended	October 2007
Housekeeping	July 2010
Amended	October 2010
Housekeeping	February 14, 2011
Housekeeping	April 8, 2011
Amended	January 3, 2013
Housekeeping	July 17, 2013
Housekeeping	October 5, 2015
Amended	September 19, 2017