

## Section 7. Compensation

### Authority

Director of Employee Relations & Compensation

### Summary

This section reviews all phases of compensation processes and corresponding areas of responsibility. Below are the main headings:

- 7.1 Staff Compensation Philosophy
- 7.2 Staff Compensation Policy
- 7.3 Salary Budget
- 7.4 Changes in Position or Responsibilities

### 7.1 Staff Compensation Philosophy

Saint Mary's College celebrates the three traditions which have sustained it since its earliest years: liberal arts, Catholic and Lasallian. The College defends the goodness, dignity and freedom of each person, and fosters sensitivity to social and ethical concerns. The College seeks staff from diverse social, economic and cultural backgrounds who come together to grow in knowledge, wisdom and love. The staff salary policy reflects the mission, traditions and values of Saint Mary's College of California as it relates to the larger world and to internal operations.

The College recognizes that it must attract and retain outstanding staff who are, first and foremost, committed to the College's mission, and to their own personal and professional growth. Thus, the College is committed to paying competitive salaries according to the guiding principles of equity (internal fairness), stewardship (financial/fiscal prudence), market forces (external competitiveness) and sustained quality education that promotes the dialogue of faith and reason.

The following principles are derived from the College's mission:

- Enable staff to support themselves and their dependents with dignity and an acceptable standard of living.

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- Attract staff to come to Saint Mary’s College for reasons first and foremost aligned with the mission. While an interest in the mission by the staff is necessary for a strong institution, the salary should be sufficient to attract and retain that staff in the San Francisco Bay Area.
- Recognize that the long-term financial viability of the College depends upon balancing institutional values such as fairness and concern for individual dignity with fiscal prudence and market competitiveness. In doing so, the staff salary policy acknowledges that market forces are neither irrelevant to compensation practices nor sufficient as the sole justification for compensation practices.
- Specify the circumstances under which differential hiring will be utilized and state how differential pay will be implemented. Favoritism will be expressly disqualified.
- Assess both the market strategy of looking at extra compensation for “hard to hire” disciplines and for internal adjustments, the peer comparators, and the salary policy as a whole.
- Define the conditions under which merit based recognition, a component of compensation and a legitimate mechanism for encouraging and rewarding individual performance consistent with the College’s mission and strategic plans, is administered including the process required for granting merit based recognition and the party

### 7.2 Staff Compensation Policy

The College maintains a staff salary policy which strives to embody internal equity and external competitiveness within budgetary constraints.

New employees’ salaries are determined by Human Resources in consultation with the hiring supervisor and are based on the salary paid to the previous incumbent, other salary dollars available within the department or the College, relevant market data, the type of position, its responsibilities, internal equity considerations and the new employee’s qualifications and experience.

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Once an employee reaches the maximum base salary in his/her grade there is no increase in salary until the employee's full-time equivalent (FTE) salary is once again within the salary range.

### 7.2.1 Annual Increases

The usual anniversary date for salary increases for staff employees is July 1. The College has the right to change this anniversary date; if the date is changed, employees will be notified. Increases may be distributed across the campus to recognize all employee's contributions to the College's success or they may be distributed within a range of percentages that take into consideration individual merit based on a performance review, market, placement in salary range, or correction of internal inequities. Generally all regular employees are eligible for consideration for an increase, except that:

- Employees who have given notice of resignation, and whose termination date will be one month or less from the effective date of the annual increase (that is, those terminating prior to August 1st for a July 1<sup>st</sup> increase cycle) will not be eligible for an increase.
- Part-time or on-call employees must have worked a minimum of 400 hours within the 12 months preceding any annual increase cycle in order to be considered for an annual increase.
- Employees hired after April 1st of the current year will not be eligible for an increase in the first increase cycle after date of hire.
- Employees with current documented "Unsatisfactory" or "Needs Improvement" overall performance rating will not receive an increase. Employees with an overall "Needs Improvement" rating may be eligible for a non-retroactive increase if their subsequent performance returns to "Achieves Expectations" or better levels within six (6) months after the increase cycle effective date.

### 7.3 Salary Budget

As part of the annual budgetary process, the Board of Trustees reviews the College Budget Committee’s recommendation on the size of the annual staff salary increase budget. The Board of Trustees may approve an annual staff salary increase budget, taking into account external and internal factors, including but not limited to financial resources available to the College from tuition, fees, and other sources of College income. Annual salary increases, if any, for staff are independent of faculty salary policies.

As a guide in establishing salaries, each year Human Resources participates in national, regional and local salary surveys to obtain past and current external market data on other colleges, universities and related institutions, and uses this data to adjust salary ranges as necessary. Each spring a compensation plan is developed based on the increase budget approved by the Board of Trustees addressing, to the extent possible, issues of highest concern among staff employees. The plan may periodically address any base salary increases for eligible staff employees, supplemental increases for employees who are lower in the salary range than peers, considering time in position or salary grade, and prior history of promotional, reclassification or other increases to pay. This area of focus has helped move longer-service employees to or closer to the midpoint of their salary ranges. These efforts of focus are subject to available financial resources in future years.

#### 7.3.1 Increased Cost of Benefits

If the cost of mandatory or non-mandatory benefits increase, the funds necessary to meet these increases are allocated before other increases in compensation are considered. These increases may be due to increases in the College’s share of taxes and benefits, such as social security tax, retirement, health insurance, etc.

#### 7.3.2 Starting Pay

Starting pay is the rate initially offered to an individual not currently employed by the College. New employees’ salaries are determined by Human Resources in consultation with the hiring supervisor and are based on:

- the salary paid to the previous incumbent

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- other salary dollars available within the department or the College
- job market-related pressure on salary levels
- Internal budget constraints
- internal equity considerations
- the position responsibilities
- the extent to which the employee’s level of education and years of experience exceed the minimum requirements for the position
- the College’s salary grade ranges for staff positions

If there are any department concerns, special circumstances (highly competitive labor market, unusual skills), etc. Human Resources will review the final candidate’s work and educational/training history and the appropriate experience and education specifications. This review is used to establish a preliminary offer rate, which will be at least the salary grade minimum but not generally higher than the grade midpoint. The hiring supervisor and Human Resources will consider internal equity which may affect the final rate offered. An internal equity review may include consideration of the salaries of employees in similar/related jobs with the organization as well as the salary of the supervisor/manager, the salaries of any subordinate employees, and the salaries of employees in related career paths, and finally the appropriateness of the proposed salary within the assigned salary range based on the employee’s specific skills, competencies, education, experience, and performance.

Starting salaries above the midpoint may be considered for individuals who have directly related unique competencies, or directly related experience or education that is extensively beyond the minimum requirements of the position, as determined in consultation with HR, or in cases of unusually critical market-related pressure on salary levels. A written justification for all salaries above the midpoint must be submitted with the hire packet and be approved by the area vice president, the Provost, the SVP Finance, and Human Resources, as appropriate.

## 7.4 Changes in Position or Responsibilities

### 7.4.1 Promotion

The change of an employee from one position to another position that has a higher salary range is termed a promotion. This movement is usually the result of the employee applying for and being selected for a position through the recruitment and selection process.

Individuals promoted into a higher level position in the College generally receive a promotional increase. Human Resources will work with the hiring supervisor/manager to determine the appropriate promotional increase before the offer is made and before potential pay is discussed with the employee. The new salary will not be less than the minimum or more than the maximum of the range assigned to the position. Promotions of one grade level will generally result in an increase of 5%. Promotions of two or more grade levels will generally result in an increase of 8%–12%. The factors that impact promotional increases include, but are not limited to:

- Degree to which job responsibility increased
- Amount and date of the employee's previous salary adjustment
- Salaries of employee's new peer group, relative to experience and time in position and/or salary grade
- College-wide internal equity issues
- Budgetary constraints

Supervisors must consult with HR to determine the amount of the promotional increase. Approvals required include those of the Assistant Vice President of Human Resources

### 7.4.2 Job Re-Evaluation

Re-evaluation occurs when the duties and responsibilities of a job change significantly enough to change the salary grade level to which a job is assigned. A revised job description (Position Source Document [PSD] form) must be submitted to Human Resources. Human Resources will review the manager's written justification and the revised position source document (PSD) and will follow up with the manager, as needed, for additional information. If the changes are significant and result in a change of the salary grade level then the appropriate salary change

guidelines will be followed to adjust incumbents' salaries. Pay changes will normally be effective the start of the first full pay period of the month following the review. Re-evaluation reviews are not conducted in June because of the annual increase cycle, if any. Review requests received in June will be reviewed in the July/August timeframe.

The content of a job can change over time: the content of a job can significantly increase in complexity or responsibility, or the content of a job can decrease because responsibilities or duties of higher level have been removed. To ensure that job evaluations are done in a fair and even manner across the Campus, the appropriate job grade is determined by Human Resources, with input from the Department VP or his/her designee. Actions resulting from re-evaluation may include:

- **Re-Evaluation Downward:** The movement of an employee's current position to a different salary grade having a lower salary range is termed a downward re-evaluation. Salary grade level downgrades may occur as a result of:
  - An employee's personal request (voluntary downgrade);
  - Documented inadequate job performance (demotion); or
  - Other reasons (for example when a function is reorganized or has become obsolete and an employee is being moved to an available job at a lower grade level).

When a downgrade is due to a reassignment of duties and responsibilities unrelated to the employee's performance and not requested by the employee, Human Resources will determine the employee's new salary based on an individual assessment of the facts and circumstances. Generally, the employee's salary will be maintained except when this causes significant internal equity concerns or when the salary would exceed the range maximum.

Upon downward re-evaluation at the employee's request, the employee's salary will be placed immediately within the appropriate position in the salary range of the new position. Salary setting should consider:

- The difference in level of responsibilities between the new and old assignments.

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- Comparison of proposed salary with salaries of others (in the unit, department, or cross-campus).
- **Re-Evaluation Lateral:** The movement of an employee’s current position to a different job family or job title having the same salary range is termed a lateral re-evaluation. There is generally no salary increase associated with this type of action.
- **Re-Evaluation Upward:** The movement of an employee’s current position to a different salary grade having a higher salary range is termed an upward re-evaluation. Any pay increase is normally 5% subject to availability of funds in the College or organizational unit’s budget pools for the fiscal year. In rare instances, any salary adjustment above this amount for an employee who is in a position that is re-evaluated upward needs to include consideration of and be based upon:
  - The difference in responsibilities between the new and old positions.
  - Comparison of proposed salary with the salaries of others (in the unit, department, or cross-campus).
  - Position in the range.
  - Potential for future salary growth in the range.

### 7.4.3 Salary Impact from Job Evaluation

Job re-evaluations that result in a higher grade generally include an increase in salary, especially if required to bring the incumbent to the minimum of the new salary range for the current year. Job re-evaluations that result in a lower grade typically do not result in a decrease in salary, unless the incumbent’s salary is outside of the maximum of the new salary range for the current year. In that instance the incumbent’s salary would typically be reduced to the maximum of the new salary range for the current year in two steps three (3) months apart. If the salary will decrease, the first step reduction will not be effective until ninety (90) days (to coincide with the start of the next full pay period) after the employee has been notified in writing of the salary change. The second and final step reduction will be effective ninety (90) days after the first step reduction (to coincide with the start of the next full pay period).

#### 7.4.4 Transfers

An individual is considered to have been laterally transferred when he/she is placed in another job having the same salary range, either in the same department or in a different department. Lateral moves generally do not result in a salary increase. Exceptions require the approval of the Assistant Vice President of Human Resources.

#### 7.4.5 Reductions in Grade/Demotions

All reductions in grade should be discussed with and pre-approved by the Assistant Vice President of Human Resources or her/his designee. Reductions in grade may occur due to:

- **Re-evaluation** – (See the “Job Re-evaluation” section above).
- **Career or Other Voluntary Change** – an employee may choose to make a career change by taking a position in a lower salary grade in a different department. When this occurs the employee’s salary may be reduced, depending on several factors including internal equity and budgeted salary for the position.
- **Demotion** – the change of an employee from one position to another position that has a lower grade and salary range is termed a demotion. When a downgrade is involuntary Human Resources will determine the employee’s new salary based on an individual assessment of the facts and circumstances. HR will take into consideration the employee’s experience and education relative to the new job and will conduct an internal equity review. Generally salaries are not decreased, except that the salary will not exceed the maximum of the new salary grade level.
- **Reduction-in-Force** – when staffing needs are reduced based on the College’s programmatic or business needs and an individual accepts or is placed in a position in a lower salary grade, the guidelines for Reductions in Grade/Demotions apply. If the employee affected accepts or is placed in a position at the same level, the guidelines for lateral transfer apply.

#### 7.4.6 In-Grade Adjustments

An in-grade adjustment is a change to an employee’s base salary as a result of:

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- A permanent change in job duties and responsibilities which are significant but do not change the pay grade of the job.
- Market equity (this is most common when labor market pressures force pay rates for new hires up, resulting in inequitable pay between new and current incumbents when comparing skills, competencies, and experience).
- Supervisors may request consideration for in-grade adjustments by submitting documentation supporting the request. Human Resources may also identify the need for equity adjustments based on market or internal salary studies.

It should be noted that in-range salary adjustments are not routine and will need to be fully justified. Requests for in-range adjustments must be made to, and approved by, the Director of Employee Relations & Compensation.

### 7.4.7 Equity Increases

- An equity increase may be granted under unusual circumstances and is typically based on a serious salary inequity which cannot be corrected through the annual increase cycle, if any.
- A salary inequity exists when an employee's salary is significantly below that of those in similar positions with similar performance, experience, skills, knowledge, and assignments. Examples of situations which may indicate a salary inequity include:
  - The salary of a long-term employee is low relative to a new hire whose salary is highly market-driven.
  - There is a significant salary compression between a supervisor and his/her employees.
  - An employee changes from a temporary/limited-term to a regular position in the same job family.
  - Market factors influencing recruitment and retention.
- An equity increase may be considered for employees who have assumed a substantial increase in scope of ongoing responsibilities that she/he is currently performing, but

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not enough for a re-evaluation or promotion to a higher grade level. For example, an employee may be asked to run additional programs at the same complexity level as current programs run by the employee.

- Upon a lateral move, normally there will be no change in salary. In exceptional cases, an employee may be considered for an equity increase.
- The department head will submit the request through appropriate channels to Human Resources for a determination in consultation with the department and senior management as appropriate.

### 7.4.8 Supplemental Compensation

Saint Mary's College Supplemental Compensation Policy is designed to allow for extra compensation for work performed by full-time employees that are outside of their normal position responsibilities. Extra compensation is not intended to compensate employees for cooperative work between College departments where staff provide support for each other on an ongoing basis. In all cases the employee's primary assignment takes priority over the work performed for another unit. Supplemental compensation must be reviewed and approved per the requirements below. Supplemental pay should not be discussed with the employee until after appropriate approvals have been received.

#### 7.4.8.1 Non-exempt Employees

While California law requires that for non-exempt employees any hours worked in excess of 8 hours a day or 40 hours per week must be paid at the appropriate overtime rate. Saint Mary's College has historically and is currently voluntarily paying overtime to non-exempt employees who perform additional work in excess of 7.5 hours per day or 37.50 or 40 hours per week will be compensated at their applicable overtime rate. This would include non-exempt staff who work special events (i.e., Athletic or Student Life).

#### 7.4.8.2 Exempt Employees

Under the Fair Labor Standards Act, exempt employees are not paid on the basis of the number of hours worked. Exempt employment is a professional relationship whereby employees are

given the flexibility to exercise professional judgment both in how and when the work is done. They are expected to meet operational needs and are evaluated on results achieved. Therefore, exempt employees do not normally receive extra compensation for work conducted beyond the normal forty (40) hours per week. However, exempt employees may in limited circumstances receive additional compensation from the College for work performed outside the employee's department. Exempt employees are paid a guaranteed salary for each workweek in which work is performed regardless of the hours worked.

However, occasionally exempt employees may be requested to perform duties or projects that are substantially beyond and different from their primary function. These duties may include, but are not limited to:

- Event Staff
- Guest Speaker/Honoraria
- Interim/Acting Appointments
- Special Projects or Research

#### **7.4.8.3 Staff Positions Requiring Teaching**

Ordinarily, those exempt and non-exempt staff positions that require teaching of regular or specialized courses are considered to be compensated as part of their base salary. In these cases, it is expected that all teaching duties, *including* advising, class preparation, instruction, grading and student/administration interactions, will take place as part of the expected duties of the position.”

All timekeeping by *non-exempt* staff members should always accurately reflect all working time, including time spent performing staff administrative work *and* teaching duties. Any work done beyond 7.5/8 hours in a work day or 37.5/40 hours in a work week will be paid at the applicable overtime rate of the individual based on the staff position. Attendance reports for teaching must be submitted on the 5<sup>th</sup> and 20<sup>th</sup> of each month.

Staff members teaching within their staff position must seek prior supervisor and Human Resources approval before working in addition to normal range of responsibilities, consistent with standard College policies.

#### **7.4.8.4 Teaching Outside the Staff Position**

Staff who are qualified and have been asked to teach a course where some or all of the teaching duties occur *outside* the staff member's normal work duties may only do so with the advance approval of their supervisor, dean, director, and with review by Human Resources of any written agreements. In these situations, the teaching staff member will be appointed and compensated as a Lecturer through a separate agreement. The Lecturer status shall not change the at-will status of the staff position.

It is the policy of the College that staff devote their full effort to their primary staff function. For those staff teaching outside of their staff positions, all teaching duties, *including* advising, class preparation, instruction, grading and student/administration interactions, will take place *outside* the normal work day, or consistent with a flexible work schedule that is designed to prevent the interference of the separate duties of the regular staff position and the teaching appointment. Supervisors, in consultation with Human Resources as appropriate, have the responsibility of determining how and whether the teaching of courses will impact the department and its productivity, and thereafter determining whether such an arrangement may be approved or can be maintained.

Again, all timekeeping by *non-exempt* staff members should always accurately reflect all working time, including staff administrative work *and* time spent on the teaching duties described above. Any work done beyond 7.5/8 hours in a work day or 37.5/40 hours in a work week will be paid at the applicable overtime rate of the individual based on the staff position. Attendance reports for teaching must be submitted on the 5<sup>th</sup> and 20<sup>th</sup> of each month.

Supervisors and staff employees requesting additional information regarding the administration of this policy may contact the Director of Employee Relations & Compensation or the Assistant Vice President for Human Resources.

#### **7.4.8.5 Stipend Administration**

A stipend is a payment to a staff member for duties performed that are outside of their normal job duties and responsibilities. Both full-time and part-time exempt staff may be considered for stipends. The Assistant Vice President for Human Resources must approve any stipend intended to be paid to non-exempt employees before they can be offered and paid. If you are not sure

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whether a staff employee to whom you wish to pay a stipend is non-exempt or exempt, you must check with the Human Resources office.

Please note that any change in individual's regular pay, any change that results in a change of hours, or any other change in regular compensation (e.g., a re-evaluation of the position) should not be handled with a stipend request, but instead requires the advance consultation with Human Resources for the completion of the appropriate personnel action notification or contract documentation.

It should be noted that nearly all employees are expected to periodically fill in for colleagues' vacations (or other short-term absences) as well as to perform special projects or temporary tasks; such work is considered a normal part of the job. It is when a temporary assignment (i.e., assignment to a special project, reassignment during organizational changes, filling a vacant job, extended leave of another employee, etc.) is expected to exceed 30 calendar days that additional temporary compensation may be warranted. Additional compensation to include stipends is appropriate when an individual is assigned a major component of a job which is at a higher salary grade and the employee is held accountable for the scope of that component for greater than a 30-day period. The amount of additional compensation will typically range between 5% and 10% of the employee's current base salary, based upon the percent of duties being assumed and the grade level of the job duties being covered.

The additional pay will generally not be less than the minimum for the salary grade level of the higher duties, if the employee is fully responsible for the job.

Supervisors/managers must receive approval from Human Resources for stipend or additional pay; such pay should not be discussed with the employee until after appropriate approvals have been received.

### **Criteria to Consider for Recommending Stipends**

1. In recommending a stipend, managers should consider various criteria, including the length of the assignment, breadth of responsibilities, whether the responsibilities are at a significantly higher level than the regular assignment, position within the salary range, and comparisons with salaries of others. For stipends granted to an employee

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who temporarily fills in for a higher level employee, normally the resulting salary will not exceed the salary of the permanent incumbent.

2. For the employee to be considered for a stipend, the assignment must be for at least one month.
3. The amount of a stipend will normally be no greater than the amount which could be granted upon promotion to the higher grade.
4. A stipend will normally not exceed six months. An extension beyond six months requires the prior approval of Human Resources.
5. When an across the board or merit increase is awarded during the temporary assignment, the administrative stipend may be recalculated relative to the new base salary.
6. Administrative stipends require the prior review and approval of the department head, dean, or director. The assigned HR Consultant/Representative, and the Director of Employee Relations & Compensation are available for consultation, as appropriate.
7. All stipends are considered compensation and are charged against an identified and appropriate existing salary line in the requesting department's budget/general ledger.
8. For non-exempt employees, Human Resources must determine if any proposed stipend will comply with the wage and hour laws that cover hourly income and overtime.
9. No stipend shall be paid for the performance of duties within the employee's existing job responsibilities (whether exempt or non-exempt).
10. Stipends can be paid in lump sum or in increments. However, the final payment should not be made until all agreed-upon duties have been completed satisfactorily.

### **7.4.9 Other Restrictions on the Use of Supplemental Compensation**

Supplemental compensation may be authorized, subject to all of the following restrictions:

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- To qualify for supplemental compensation, the additional work must be performed outside the employee’s department, with the employee’s work being reviewed by someone other than the employee’s regular supervisor.
- The additional work for which extra compensation is to be paid may not, in the opinion of the employee’s supervisor and dean or director:
  - Create a time conflict with the performance of the employee’s regular duties and assignments or
  - Constitute a “conflict of interest” involving the employee, such as a situation that competes with the interests of the employee’s primary assignment or the department’s interests.
- The additional work for which extra compensation is to be paid must be short-term, non-repetitive, and is restricted in both the number or hours worked and the duration of the assignment.
- Supplemental compensation in the form of stipends should only be approved for Director and below staff positions. Deans, Vice Provosts, Vice Presidents and any Cabinet level position are excluded from receiving any additional forms of supplemental compensation, including stipends. Exceptions to this policy will require the approval of the Assistant Vice President of Human Resources in consultation with the Provost and the Vice President for Finance.

### 7.4.9.1 Required Approvals

Before an exempt employee performs work which is in addition to their regularly assigned and scheduled duties, the employee must receive prior written authorization from her/his immediate supervisor and dean or director, the dean or director responsible for the department where the work will be performed. All requests for Supplemental Compensation must be approved by Human Resources.

The exempt employee may be required to track hours worked on additional duties. Additional work cannot interfere or conflict with normal working hours and primary job functions. If this occurs the supervisor is responsible for notifying Human Resources and resolving the

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interference or conflict and, if necessary, withdrawing authorization for the additional work. If authorization for additional work is withdrawn, the additional duties and pay will end.

Taking on additional duties as set forth in this section shall not change the at-will nature of the employment relationship between the College and the employees. Any additional compensation will be paid by payroll and all normal applicable taxes will be deducted.

### **7.4.10 Pay Rate for Supplemental Compensation**

When supplemental compensation is authorized, the rate of pay must be in accordance with the College's pay scale for the type of work being done and must be approved by Human Resources.

### **7.4.11 Salaries Funded by Contracts and Grants**

Staff employees whose salaries are funded by contracts or grants are subject to all the provisions of this policy and proposed salary levels and annual increases must comply with this policy.

### **7.4.12 Volunteer Opportunities**

Notwithstanding the policy above the College appreciates and encourages its employees to engage in non-compensated activities that benefit the College, the employee and its students.

These activities may include volunteering for commencement, baccalaureate, student productions, College-wide initiatives, social justice programs, Mission and Ministry events and many others.

### **7.4.13 Exceptions**

Any exceptions to this policy must be approved, in writing, by the Assistant Vice President for Human Resources.