

Process, procedures, and policies for setting or changing compensation levels in the Montana University System

The Board of Regents is responsible for setting and adjusting compensation.

The Constitution obligates the Board to exercise its *“full power, responsibility, and authority to supervise, coordinate, manage and control the Montana university system.”* The Constitution requires the Regents to appoint a Commissioner of Higher Education and prescribe his or her duties in administering the *“funds and appropriations under the control of the Board of Regents.”*

State law obligates the Regents to *“have general control and supervision of the units of the Montana university system, which is considered for all purposes one university ... provide, subject to the laws of the state, rules for the government of the system ... appoint a president or chancellor and faculty for each of the institutions of the system, appoint any other necessary officers, agents, and employees, and fix their compensation.”*

How does the Board exercise its authority to set or adjust compensation?

There are **four** major types of occupational groups in the Montana University System (identified below). The Board of Regents exercises its authority to set or adjust employee compensation in certain ways, depending on the occupational group. The Board’s exercises its authority as follows:

- 1. For support staff in the Board-approved classified pay plan –**
About **2,834** full-time-equivalent employees are in “classified” support staff positions. These include clerical, custodial, maintenance, food service, and many other types of support staff positions. Campus-level officers have authority to hire and establish the hiring rate for these employees via the delegated authority from the Board of Regents (the Regents’ prior adoption of the Montana University System Staff Compensation Plan). If a classified staff member’s job duties and responsibilities change to the extent that the position is no longer accurately classified (e.g., an “Administrative Associate II” is in actuality performing the duties of an “Administrative Associate III”), the campus has authority to reclassify the position and implement a corresponding wage increase. Only the Board of Regents can authorize and implement general wage increases for all classified staff (e.g., for any annual raises or so-called “cost of living” pay raises).
- 2. For contract faculty members –**
About **2,453** full-time-equivalent employees are in contract faculty positions. The Board of Regents has delegated to the Commissioner of Higher Education the

authority to approve the individual employment contracts of college and university faculty (via BOR Policy 711.4 <http://mus.edu/borpol/bor700/711.4.pdf>). Most new faculty hires and reappointments of current faculty are reviewed and approved by the Commissioner in the form of the fall rosters the campuses submit each year for the Commissioner's approval. Those rosters are to include the proposed salary levels of each faculty member plus any requested additional compensation. Any mid-year requests for individual changes in faculty compensation are submitted to the Commissioner for review and approval. Only the Board of Regents can authorize and implement general salary increases for the faculty as a whole (e.g., for any annual or so-called "normal salary increases").

3. For non-faculty, non-administrator "contract professional" employees –

About **1,347** full-time-equivalent employees are in professional-level positions that are neither faculty nor administrator positions. These include, for example, director and associate director of food service, residence life, facilities and grounds, registrar services, financial aid, human resources, student health service, and many other job titles in information technology, grant-funded research operations, student services, athletics, and academic support. The Board of Regents has delegated to the Commissioner of Higher Education the authority to approve the individual employment contracts of these professional employees (via BOR Policy 711.1 <http://mus.edu/borpol/bor700/711-1.pdf>). Any mid-year requests for individual changes in a contract professional's compensation are submitted to the Commissioner for review and approval. Only the Board of Regents can authorize and implement general salary increases for the group of contract professionals (e.g., for any annual or so-called "normal salary increases").

4. For contract administrators –

About **180** full-time-equivalent employees are in designated administrator positions. About **100** of them are subject to the procedures explained above in #3 for contract professional employees. The contracts and compensation for the approximately **80** other administrators are subject to Board of Regents action and approval under BOR Policy 711.2 (<http://mus.edu/borpol/bor700/711-2.pdf>). These positions, on Board of Regents contracts, are: Commissioner of Higher Education; Deputy/Associate Commissioner; President; Vice President ; Provost; Vice Provost; Chancellor; Vice Chancellor; Deans of the Colleges of Technology in Helena and Great Falls; Legal Counsel; and all other Commissioner's staff employed under contracts. Only the Board of Regents can set and modify compensation for administrators on Board of Regents contracts.

What are the Board's considerations in setting or adjusting compensation?

When the Board of Regents adopted its current compensation policies, Regents also approved the general guidelines below (in May 2006 <http://mus.edu/board/meetings/2006/06-May/StaffCompAgendaFull5-06.pdf>):

All requests for salary adjustments shall adhere to the following parameters.

The Board of Regents has authority to approve requested salary adjustments for employees working under Board of Regents employment contracts (Policy 711.2).

The Commissioner has authority to approve requested salary adjustments for employees working under Montana University System employment contracts (Policy 711.1). All requested salary adjustments of greater than twenty (20) percent without a corresponding increase in assigned duties and responsibilities (a promotion) shall require Board of Regents approval.

I. Across-the Board Salary Adjustment

A. Definition: An annual percentage or flat dollar amount salary increase, at least in part intended to be distributed equally among eligible employees.

B. Amount: The Board of Regents shall establish the amount of any across-the-board adjustment.

C. Eligibility: Employees eligible for across-the-board increases shall typically have been employed in their current position at least six (6) calendar months prior to the effective date for implementation.

D. Effective Date: The Board of Regents shall establish the effective date for implementation of the across-the-board salary increases for eligible employees.

E. Documentation Required: With input from OCHE staff, members of the Board of Regents Staff and Compensation Committee shall determine what, if any, documentation will be required (e.g., fiscal impact assessment, etc.).

F. Merit Salary Increases: Campuses may elect to award merit salary increases to employees using funds for across-the-board salary adjustment authorized under this policy. Merit increases will be based upon performance evaluations and may be available to an employee who demonstrates outstanding performance in a recent evaluation indicating the employee is above the average rating established by the campus.

II. Retention Salary Increase

A. Definition: Retention salary increases allow the Montana University System to retain an employee with valuable knowledge, skills or abilities that are vital to the achievement of the University's mission or strategic goals; and whose resignation would have a significant adverse impact on the accomplishment of critical and/or urgent projects.

B. Amount: Retention salary increases may be permanent or temporary base adjustments or a onetime or periodic lump sum amount that is not added to the employee's base salary.

The amount requested shall be supported by relevant salary comparison data from CUPA and/or other sources deemed relevant by OCHE staff, in consultation with the employing unit.

C. Eligibility: Normally, only those individuals employed at least three (3) full contract terms shall be eligible for a retention salary adjustment. An individual employee may normally receive no more than one (1) retention salary adjustment in any two (2) consecutive year period.

D. Documentation Required: A retention increase request shall be accompanied by:

1. Explanation of the adverse impact if the employee resigns, and a summary of the employee's value to the institution;
2. Relevant salary survey data, including the job titles and descriptions of duties for positions used for comparison purposes;
3. Existing salary relationships among positions with similar responsibilities and in supervisory hierarchies within the campus and Montana University System;
4. Budget availability, funding source and long-term impact on tuition;
5. Evidence the employee has higher-paying opportunities with other employers.

III. Internal Equity

A. Definition: A salary adjustment for an employee performing similar work under similar working conditions requiring a comparable level of knowledge, skill, or ability in order to resolve inequities. The fact that a retention salary adjustment is granted to one or more employees on the same or another campus may not be used as the sole justification for additional internal equity salary requests. Other relevant factors to be considered include: merit and length of service of the employee; market-based considerations; statutory protected class considerations; pay compression or inversion in existing pay relationships on a campus.

B. Amount: The amount requested shall be supported by salary comparison data from within the Montana University System, along with relevant salary comparison data from CUPA and other sources deemed relevant by OCHE staff in consultation with the employing unit.

C. Eligibility: Normally, only those individuals employed at least three (3) full contract terms shall be eligible for an internal equity salary adjustment.

D. Documentation Required: An internal equity increase request shall be accompanied by:

1. Explanation of the inequity;
2. Position and salary comparisons within the Montana University System that confirm an internal equity problem: and
3. Budget availability and funding source.

IV. Non-base Performance Bonus

A. Definition: Non-base building compensation for exemplary service or contribution beyond the scope of the employee's regular job responsibilities and expectations.

B. Amount: Typically, the amount of a lump sum bonus may not exceed 10 percent of the employee's annual base salary or \$5,000, whichever is less.

C. Eligibility: Employees must have been continuously employed in their current position for at least twelve (12) calendar months and shall not have received a lump sum bonus in at least the most recent 12-month period.

D. Criteria: The following job performance criteria shall be used to further determine eligibility:

1. The work significantly exceeds standard expectations in terms of quality, quantity, creativity, initiative, and effort;
2. The employee shall have maintained a consistent level of exemplary job performance during the term of their employment with the Montana University System, as evidenced by regular performance evaluations;
3. The efficiency, effectiveness, revenue generation, and/or cost savings efforts of the campus and/or University System are measurably enhanced by the employee's documented work; and
4. The employee's accomplishments occurred within the prior 12-month period.

E. Documentation Required: Written documentation addressing the above-described eligibility criteria shall be submitted to the Commissioner, along with the requested dollar amount.

V. Recruitment Bonus

A. Definition: Non-base building compensation awarded upon approval of an employee's initial contract in the Montana University System when the campus chief executive officer verifies the "signing bonus" is necessary to secure the hire.

B. Amount: Typically, the amount of a recruitment signing bonus may not exceed 10 percent of the annual base salary in the employee's initial contract or \$5,000, whichever is less.

Nothing in these salary guidelines shall be construed to mean that an employee is entitled to any type of salary adjustment at any time, nor shall any provision in these guidelines be construed to mean that any individual is entitled to employment beyond the term of their existing contract, or as provided for in Board of Regents policies.