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MONTANA BOARD OF REGENTS OF HIGHER EDUCATION Policy and Procedures Manual

SUBJECT: COMPENSATION

ITEM 126-109-R0305

Policy 8XX.X – Salary Increases for Contract Administrators and Professionals
Effective:

Board Policy:

Positions defined in Board Policy 711.2 are subject to the provisions of this policy, unless otherwise noted. Faculty are excluded from this policy. Only those provisions specified are applicable to individuals on Letters of Appointment.

The Board of Regents, prior to implementation, shall approve all salary adjustments. All requests for salary adjustments shall adhere to the following parameters. Requested adjustments shall be reviewed by OCHE staff and a recommendation for approval or disapproval presented to the Board of Regents Staff and Compensation Committee prior to submission to the Board.

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 twelve (12) 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. Covered Employees:
Individuals on Letters of Appointment shall be subject to this provision, as well as employees defined in policy 711.2. Letter of Appointment positions that are 100 percent funded with research dollars may receive an across-the-board salary increase greater than the amount established by the Board. However, the limitation of one across-the-board increase per year shall apply to research-funded Letter of Appointment positions.
- G. Merit Salary Increases:
Campuses may elect to award merit salary increases to employees using all or a portion of any across-the-board salary adjustment authorized under this policy. Merit increases will be based upon annual performance evaluations and will be available to an employee who demonstrates outstanding performance evidenced by an overall rating on a current performance evaluation that establishes that the performance of 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 a) with valuable knowledge, skills or abilities that are vital to the achievement of the University's mission or strategic goals and b) whose resignation would have a significant adverse impact on the accomplishment of critical and/or time-sensitive projects.
- B. Amount:
Retention salary increases may be permanent or temporary base adjustments or a one-time or periodic lump sum amount that is not added to the employee's base salary. Normally, the amount of a retention adjustment shall not exceed nine (9) percent of the employee's current base salary. The amount requested shall be supported by 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 a retention salary adjustment. An individual employee may receive no more than one (1) retention salary adjustment in any three (3) consecutive year period. Normally, an employee whose current salary exceeds 105 percent of CUPA salary data, or is otherwise shown to be paid above market, is ineligible for a retention salary adjustment.
- D. Effective Date:
A retention salary adjustment shall be effective on the date established by the Board.
- E. 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, work unit, and Montana University System;*
 4. Budget availability, funding source and long-term impact on tuition;
 5. Historical recruitment and turnover for the position and similar positions within the Montana University System;* and
 6. Evidence that the employee is marketable.
- F. Conditional Adjustment:
Employees who receive retention salary adjustments may be required to sign a contract stating that they will reimburse the employing unit in an amount equal to the retention salary increase already received if they elect to resign their employment within a specified period of time following the effective date of the salary adjustment.

*System information, beyond the employing and affiliated campuses, is available from the Office of the Commissioner of Higher Education and should be obtained prior to submission of the request.

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 created when it was necessary to pay another employee a higher salary for recruitment or retention purposes. 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.

- B. Amount:
The amount shall typically not exceed nine (9) percent of the employee's current base salary. 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:
Only those individuals employed at least three (3) full contract terms shall be eligible for an internal equity salary adjustment. Normally, an individual employee may receive no more than one (1) equity salary adjustment in any three (3) consecutive year period. An employee whose current salary exceeds 105 percent of CUPA salary data is ineligible for an equity salary adjustment.
- D. Effective Date:
An internal equity salary adjustment shall be effective after Board approval.
- E. Documentation Required:
An internal equity increase request shall be accompanied by:
 1. Explanation of reason the inequity exists;
 2. Position comparisons within the Montana University System that confirm an internal equity problem: and
 3. Budget availability and funding source.

IV. Promotion

- A. Definition:
A salary increase to recognize newly assigned responsibilities and duties. Promotional salary increases are inappropriate for an increase in workload that does not include a higher level of responsibility, decision-making authority, and/or increased complexity of work performed.

Promotions may be identified as permanent or temporary. Temporary promotions may normally not exceed twelve (12) calendar months and typically result from the temporary reassignment of duties necessitated by another vacant position or a unique, one-time project assignment. Permanent promotions typically require an approved recruitment and selection process.
- B. Amount:
The following factors shall be considered in determining the amount of a promotional salary adjustment:
 1. Salary paid to similar positions on the campus and within the Montana University System;
 2. Relevant CUPA and other appropriate salary survey data for similar positions; and
 3. Long-term impact on tuition and budgets.
- C. Eligibility:
Typically, an individual must have been employed at least twenty-four (24) calendar months prior to being eligible for a promotional salary increase. The employee may not receive more than one permanent promotional salary increase in any consecutive 24-month period unless a formal recruitment and selection process has been completed.
- D. Effective Date:
A promotional salary increase shall be effective upon Board approval. Requests for a retroactive approval date shall be accompanied by acceptable explanation of the cause for the delayed request and the specific date employee assumed full responsibility for newly assigned duties. The Board may approve a retroactive effective date at their discretion.

- E. Documentation Required:
The request shall include:
1. Comparison between new and previously assigned duties and responsibilities;
 2. Explanation of who/what position was previously responsible for the new duties; and
 3. A description of the overall increase in the employee's level of knowledge, skills, and abilities required to perform the newly assigned duties.

V. Lump Sum Bonus

- A. Definition:
Non-base building compensation for exemplary service or contribution beyond the scope of the employee's regular job responsibilities and expectations. A lump sum bonus request may be submitted at the President's discretion.
- 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. Effective Date:
Approved lump sum bonuses shall be effective December 1 of each year. The Board of Regents prior to December 1 shall approve lump sum bonus requests. Retroactive requests shall not be considered.
- F. Documentation Required:
Written documentation addressing the above-described eligibility criteria shall be submitted to OCHE staff, along with the requested dollar amount.

Individuals on Letters of Appointment are ineligible for retention, internal equity, promotion, and lump sum bonuses during the term of their appointment contracts. Nothing in this policy shall be construed to mean that an employee is entitled to any type of salary adjustment at any time, nor shall any provision in this policy 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.

Eligible employees may typically receive only one base salary increase in any fiscal year. Whenever possible, requests for salary adjustments, with the exception of across-the-board increases, shall be submitted to the OCHE no later than October 1 or April 1 of each year for inclusion on the November or May Board of Regents consent agenda.