



## HUMAN RESOURCES

The University of Alabama at Birmingham

HR Compensation  
June 2019

### FY20 - UAB Academic and Administrative Compensation Guidelines

As Organizational Leaders continue to assess how to best invest limited institutional resources, it is imperative that the University implement and promote faculty and staff compensation practices that effectively support our most important asset - our people. To assist our academic and administrative units with these decisions, the following Compensation Guidelines are provided for the FY20 budget year.

#### Workgroups

The UAB Academic and Administrative Compensation Guidelines were developed to provide compensation guidance to workgroups A and F. The UAB Medicine Guidelines will provide compensation guidance for Workgroup C.

- *Workgroup "A"* includes: All non-clinical School of Medicine staff; staff in all other UAB Schools and Colleges, as well as all UAB administrative departments and the Department of Athletics.
- *Workgroup "C"* includes: Staff in the School of Medicine who provide direct patient care or do clinical work as a regular part of their job, most staff in the University of Alabama Health Services Foundation (HSF); as well as all staff in the UAB Hospital and Hospital LLC, Health System (UABHS) and Callahan Eye Hospital.
- *Workgroup "F"* includes: Faculty positions across the institution (including the School of Medicine).

Detailed information on Workgroups can be found here: <https://www.uab.edu/humanresources/home/wfgroups>

#### For the October 1, 2019 Merit Effective Date

For this merit year, the options available to reward individual performance include a merit-based pay increase, Fixed Increment Payment (FIP) and Exceptional Performance Payment (EPP). A Salary Distribution Plan must be submitted and must be consistent with the criteria for each available performance reward option as defined below.

#### Salary Distribution Plans

Salary Distribution Plans are required documentation for the implementation of the FY20 merit process. Each College/School/Department must declare to the Provost or the Senior Vice President for Financial Affairs and Administration (SVPFAA), depending on established reporting structure, and copy the Executive Director-HR Compensation on their intent to either:

- Provide a merit pool and the estimated amount (both merit-based pay increases and FIPs are included), OR
- Provide limited EPP payments

Salary Distribution Plans should include:

- Total salary pool dollars to be made available
- Percent of total salary base
- Proposed equity adjustments

- EPP adjustments
- Planned ranges for individual increases (e.g. 0-5%)
- Planned distribution strategy (e.g. 20% of merit recipients to receive 3.0-4.5%, 40% to receive 2.0-4.0%, etc.)
- All Salary Distribution Plans should identify funding sources utilized

Salary Distribution Plans are due no later than 7/15/2019.

### Salary Distribution Plan Template

The Salary Distribution Plan template is provided in a PDF format that can be submitted via email or can be submitted online using the online form. Both forms of submission are located on the HR Compensation website at <https://www.uab.edu/humanresources/home/compensation/compensation-guidelines>.

**Merit Guidance and Process Documents** can be found on the HR Compensation website at

<https://www.uab.edu/humanresources/home/compensation/compensation-guidelines>.

### Merit-Based Pay Increase

In order to reward the performance of our faculty and staff through base rate increases, we will have a 2% merit pool. The pool will be funded primarily from savings generated by the reduction in benefit costs as noted in the overall decline of Composite Fringe Benefit rates. Funds will be made available to all central units where differences between the projected benefit savings and the merit pool exists. The criteria for merits are defined below:

- All merit-based pay increases must align with individual performance. Performance of at least *Satisfactory* (3 or higher) should be reflected for those receiving a merit-based pay increase.
- Completed performance evaluations should be uploaded via the custom HR app or completed using the new online evaluation form (currently scheduled to be released July 2019). Links and additional details can be found on the Performance Evaluation website. <https://www.uab.edu/performancegmt>
- Merit-based pay increases should be performance-based only and should not be considered a mechanism to correct any perceived market or equity matters, which are addressed separately in collaboration with HR Compensation. Please reference the Market and/or Equity adjustment sections of this document for guidance on these issues.
- The employee must not be in a probationary status.
- Individual merit-based pay increases greater than 15% will require prior Provost, SVPFAA or their designee’s approval.

### Merit Matrix Guidelines

A merit matrix is a table created to help managers equitably allocate their merit pool dollars across their employee population. A merit matrix provides broad range merit increase bands that are based on the merit budget and employee job performance. It is a guide to help managers distribute the departments merit pool equitably based on individual performance. More details on the Merit Matrix can be found here:

<https://www.uab.edu/humanresources/home/compensation/compensation-guidelines/merit-matrix>

**Merit Matrix Example: (based on a 2% Merit Budget Pool)**

Overall Rank/Score	Rank Definition	Merit Increase Range
1	Unsatisfactory	0
2	Needs Improvement	0
3	Met Expectations	1.0-2.5%
4	Exceeds Expectations	2.0-3.5%
5	Exceptional	3.0-4.5%

*Note: Merit increases begin at an overall score of 3 or higher.*

## Fixed Increment Payment (FIP)

A Fixed Increment Payment (FIP) is a one-time payment made to an employee whose salary is at or above the maximum of the salary band for the employee's assigned classification and whose documented performance is at least *Satisfactory* (3 or higher). The criteria for FIPs are defined below.

- The process for determining the amount of an employee's FIP should be consistent within the established merit criteria.
- A FIP may be granted to the same employee in subsequent years if the same circumstances exist. Such payments in subsequent years are not automatic. The employee's circumstances must be reviewed annually and the employee must fulfill the same conditions each year, including a rating of *Satisfactory* (3 or higher) as reflected on the performance evaluation documents.
- Employees whose merit-based pay increase would place them above the maximum of the salary band for their assigned classification may receive:
  1. A merit-based pay increase for that portion of the total merit increase which would bring them to the maximum of the salary band for their assigned classification, AND
  2. A FIP for that portion of the total merit increase that is above the maximum of the salary band for the person's assigned classification.
- Employee must not be in a probationary status.
- For those faculty and staff paid from sponsored projects, FIPs may be required to be paid in equal installments over 6-12 months.
- Completed performance evaluations should be uploaded via the custom HR app or completed using the new online evaluation form (Currently scheduled to be released July 2019). Links and additional details can be found on the Performance Evaluation website. <https://www.uab.edu/performancegmt>
- Details for FIPs must be submitted via Compensation Request Form (CRF) for HR review prior to Provost, SVPFAA or their designee's approval.
- CRF submissions are due 8/12/2019 with an effective date of 10/1/2019 for exempt and 9/29/2019 for nonexempt employees.

## Exceptional Performance Payment (EPP)

The Exceptional Performance Payment (EPP) remains in place as a way to recognize faculty and staff who have exhibited extraordinary performance during the past year. We are providing the option of a one-time lump sum payment in place of a merit-based pay increase to those Colleges/Schools/Departments that have identified resources and meet the criteria outlined below. The EPP is not a spot-award for specific performance events, but is intended to replace a merit-based pay increase where reoccurring funding is an issue, such as a set grant. EPPs will require prior approval via the Salary Distribution Plan from the Provost, SVPFAA or their designee.

- Most recent performance evaluation (within last 12 months) must reflect a performance rating of *Exceeds* or *Exceptional* (4 or higher).
- EPPs may not be used as across-the-board lump sum payments.
- Approved EPPs must be funded at the department level.
- Employee must not be in a probationary status.
- For those faculty and staff paid from sponsored projects, EPPs may be required to be paid in equal installments over 6-12 months.
- Completed performance evaluations should be uploaded via the custom HR app or completed using the new online evaluation form (Currently scheduled to be released July 2019). Links and additional details can be found on the performance evaluation website. <https://www.uab.edu/performancegmt>
- Details for EPPs must be submitted via CRF for HR review prior to Provost, SVPFAA or their designee's approval.
- Employees are not allowed to receive both a merit-based pay increase and an EPP.
- CRF submissions are due 8/12/2019 with an effective date of 10/1/2019 for exempt and 9/29/2019 for nonexempt employees.

## Faculty Merit/Promotion/Tenure

- Colleges/Schools/Libraries determine if and how much of a salary increase should be awarded for merit. Any such increases may be funded if endorsed by appropriate College/School/Library Dean.
- Except for use of the online evaluation system, the same guidance applies for faculty merit increases:
  - All merit-based pay increases must align with individual performance. Performance of at least “Satisfactory” or its equivalent is necessary for a merit-based pay increase.
  - Merit-based pay increases should be performance-based only and should not be considered a mechanism to correct any perceived market or equity matters, which are addressed separately.
  - Individual merit-based pay increases greater than 15% will require prior Provost, SVPFAA or their designee’s approval.
- Colleges/School/Libraries may have separate guidance for pay increases based on promotions or grants of tenure, which would be addressed separately from merit increases. Any such increases may be funded if endorsed by appropriate College/School/Library Dean.
- Faculty merit, promotion or tenure grant increases will be effective 10/1/2019.

## Compensation Guidelines for FY20

### Reoccurring Funding Requests

With the implementation of the new UAB budget model in FY19, Central/Provost departments, including Honors College, Graduate School and Libraries, must provide an explanation of how any additional funding requirements will be met by the requesting department. Comments and explanation must be provided on the CRF in the position description box, the financial tab and/or the general comment box. For any requests not previously approved as part of the Budget Governance review process, departments will need to understand that funding for additional compensation-related expenses must be identified from existing budgets.

### Pay Ranges

#### *General Pay Structure*

- The UAB General Pay Range Structure can be found on the HR Compensation website:  
<https://www.uab.edu/humanresources/home/compensation/paystructure>
- All employees must be paid at least the minimum of the range.
- Base pay increases for employees who are above range maximums will not be considered.

#### *Faculty Salary Ranges*

- Colleges/Schools/Libraries submit proposed salary ranges to Provost each year for approval, based on discipline-specific market data. Ranges are used to help ensure retention where appropriate and do not necessarily change yearly.
- Proposed salary range changes should be submitted to the Provost Office by 07/25/19.

### Equity Adjustments

Equity adjustments address pay differences as compared with other employees internal to UAB. Requests for equity adjustments should consider all employees in similar jobs in a College/School/Department (i.e. similar titles, grades, etc.). All of the following criteria must be met regarding equity adjustments:

- All Colleges/Schools/Departments may fund equity adjustments where appropriate and when current *Satisfactory* performance evaluations are on file.
- Details for equity adjustments must be submitted via CRF for HR Compensation review prior to Provost, SVPFAA or their designee’s approval.
- Equity studies finalized and approved by 8/30/2019 may be implemented as soon as 10/1/2019.
- Studies may continue to be requested via CRF throughout the year with effective dates after 10/1/2019.

## Market Adjustments

Market adjustments address pay differences as compared to markets external to UAB. Market adjustments are job related adjustments and are not a part of the performance evaluation process for an individual. Therefore, market adjustment issues will be addressed at the job level and separate from merit.

- Details for market adjustments must be submitted via CRF for HR Compensation review prior to Provost, SVPFAA or their designee's approval.
- Market studies finalized and approved by 8/30/2019 may be implemented as soon as 10/1/2019.
- Studies may continue to be requested via CRF throughout the year with effective dates after 10/1/2019.

## Retention Salary Adjustments

Retention salary adjustments are related to employees who are being actively recruited outside of the department or where there is compelling evidence that a pre-emptive action is necessary to prevent the loss of a valued employee. All of the following criteria must be met regarding retention salary adjustments:

- Retention salary adjustments may be requested under established HR procedures via CRF and will be reviewed on a case-by-case basis.
- Both review and approval are required from College/School/Department VP, Dean or designee.
- Supporting documentation such as offer letter, résumé, etc., should be submitted for review.
- Additional guidance on this subject can be found on the HR Compensation website at <https://www.uab.edu/humanresources/home/compensation/compensation-guidelines>.

## Promotional Increases

A promotion occurs when an employee applies and is selected for a posted position with a greater pay range midpoint. A promotion may occur within the employee's current department or when an employee moves to a different department. Promotional increases must follow the following criteria:

- Staff promotions of 15% or less within the new range will NOT require a CRF.
- Staff promotions greater than 15% within the new range require a CRF.
- The percentage increase to bring the employee to the minimum of the new range does not factor into this guideline since employees must be brought to range minimum.
- Internal equity should be considered and addressed.
- Additional guidance on this subject can be found on the HR Compensation website at <https://www.uab.edu/humanresources/home/compensation/compensation-guidelines>.

## Lateral Transfers

A lateral transfer occurs when an employee applies and is selected for a posted position with the same or lower job grade regardless of title. Lateral transfers may occur within the employee's current department or when an employee moves to a different department.

- Salary adjustments for lateral transfers must be submitted via CRF and reviewed by HR Compensation with support from the applicable College/School/Department VP, Dean or designee.
- HR Compensation will review and submit to the appropriate UAB senior administrator (Provost, SVPFAA or designee) for final approval as required.
- Retention Salary Adjustment guidelines should be followed by managers seeking to match internal offers.
- Internal equity must be considered when determining new hire pay rates.

## Probationary Job Status Salary Adjustments

- Salary adjustments for probationary job status salary adjustments programs (including graduate assistantships/stipend increases, resident progression and student salary adjustments) may proceed in accordance with established UAB and departmental policies provided funding is available.
- Adjustments must be funded by the College/School/Department and approved by appropriate VP, Dean or designee.

## **Additional Duties Pay**

Additional duties and responsibilities are defined as those new duties and responsibilities that significantly broaden the type of work the employee performs and requires the employee to exhibit new job skills and/or perform more complex tasks that are beyond their previous standard level job scope. An increase in volume to the employee's normally assigned duties generally does not meet the definition of additional duties.

- Requests for additional duties pay must be reviewed by College/School/Department VP, Dean or designee prior to submission via CRF for HR review and approval.
- Additional duties should be in the same department, temporary in nature (six months or less) and approved PRIOR to the work being performed.
- Additional guidance on this subject can be found on the HR Compensation website at <https://www.uab.edu/humanresources/home/compensation/compensation-guidelines>

## **Incentive Plans**

The purpose of an incentive compensation plan is to motivate and reward employees for exceeding normal job expectations in support of departmental and institutional goals.

- Previously established compensation incentive plans must be submitted via CRF for recertification as required by existing incentive plan guidelines by 8/30/2019.
- New incentive plan proposals must be submitted via CRF by 8/30/2019 to be considered for implementation in FY20.
- Please refer to the Incentive Plan Proposal Guidelines on the Compensation website at <https://www.uab.edu/humanresources/home/compensation/compensation-guidelines> for further information or contact your HR Consultant.

## **Special One-Time Payment**

A special one-time payment is a single lump sum payment or award generally not associated with customary work performance or job expectations.

- Special one-time payments must be submitted via CRF using the 'Salary Consultation - Other' distinction and reviewed by HR Compensation with support from applicable College/School/Department VP, Dean or designee.
- Requests for special one-time payments must be reviewed by College/School/Department VP, Dean or designee prior to submission via CRF for HR review and approval.
- HR Compensation will submit to the appropriate UAB senior administrator (Provost, SVPFAA or designee) for final approval as required.
- These payments may be for special recognition or work performed outside of the employee's regular department or job expectation.

## **New Hires**

A new hire occurs when an external or prospective employee applies and is selected for a posted vacant position.

- New hires do not require HR Compensation approval if working directly with HR Recruitment Services and offer is made within salary range.
- New hires may proceed in accordance with established UAB and departmental policies provided funding is available.
- Internal equity must be considered when determining new hire pay rates.
- Please reference the *Reoccurring Funding Requests* section of this document regarding position funding.

## **New Positions/Reclassifications**

- Classify New Position Authorization Forms (PAR) are used when the department has a need to create a new position. This may or may not be a job already established at UAB. These requests will be reviewed by HR Compensation to determine appropriate job title and pay grade.

- Reevaluate/Reclassify Vacant CRFs are used to reassign the job classification of a vacant position. This may or may not be a job already established at UAB. These requests will be reviewed by HR Compensation to determine appropriate job title and pay grade.
- Reevaluate/Reclassify Filled CRFs are used to reassign the job classification of an incumbent. This may or may not be a job already established at UAB. These requests will be reviewed by HR Compensation to determine appropriate job title and pay grade. Once an incumbent has been reviewed for reclassification, the incumbent is not eligible for review again for a minimum of twelve (12) months.
- Review and approval are required from College/School/Department VP, Dean or designee.
- Please reference the *Reoccurring Funding Requests* section of this document regarding position funding.

### **Additional Compensation and Classification Resources**

HR Compensation has established a Compensation related contacts web page to offer access to additional guidance. From this website, you will be able to contact the HR Compensation staff by email or phone, the Payroll Services team, your assigned HR Consultant and the KRONOS Help Desk.

<https://www.uab.edu/humanresources/home/compensation/contact>

## Review and Approval Processes

The following is a summary of 'review and approval processes' for FY20 compensation actions:

VP/Dean or Designee Approval only. Requires **no** review by HR (Does NOT require CRF):

- a. Graduate assistantship with annual stipend increase
- b. New hire with proposed salary within salary range
- c. Merit increases
- d. Probationary increase of 10% or less
- e. Resident progression increase
- f. Salary share adjustment between two or more funding sources where the total salary does not change (e.g. HSF/UAB/VA/UABHS)
- g. Staff promotion of 15% or less within the new range or to new range minimum
- h. Student salary adjustment
- i. Irregular salary adjustment

VP/Dean or Designee Approval after initial review/approval by HR (Requires CRF):

- a. Probationary increase greater than 10%
- b. Reclassifications
- c. Requests for new positions
- d. Staff promotions greater than 15% within the new range
- e. Lateral transfers with increases of 10% or less
- f. Additional duties pay
- g. Special one-time payments
- h. Retention salary adjustments of 10% or less

UAB senior administrator (Provost, SVPFAA or Designee) approval after full HR review/approval and endorsement by appropriate VP, Dean, Director or Designee (Requires CRF and higher approval):

- a. Faculty tenure/promotions – does not require CRF
- b. FIPs
- c. Incentive Plans – new or previously approved
- d. Market or equity adjustment payments
- e. EPP payments (with justification)
- f. Lateral transfers with increases greater than 10%
- g. Merit-based salary increases that include:
  - Market or equity component
  - Merits greater than 15% (with justification)
- h. Retention salary adjustments greater than 10%

Any questions or concerns regarding these guidelines should be directed to your HR Consultant or HR Compensation.