

Subject: **Compensation Administration**

Applies to: All University Staff

- I. Policy: The University's Compensation Administration Program is committed to regulatory compliance. As an employer we are obligated to comply with a variety of federal and state labor laws. The Fair Labor Standards Act (FLSA) is a federal law that sets the criteria to determine which employees are entitled to overtime based on duties performed, level of responsibility, decision making authority and level of compensation. Employees must satisfy both the duties test and applicable salary test to be considered exempt.

Unless an employee is exempt from the FLSA and comparable state laws, based upon criteria set forth in the regulations, they are covered by the provisions outlined in the law. Generally, the employee must be paid on an hourly basis (at least the minimum wage) for all hours worked and an accurate record of daily and weekly hours worked must be kept. In addition, non-exempt employees must receive pay at one-and-a-half times their regular hourly rate for any hours worked in excess of 40 in a work week.

It is also the University's intent to pay each employee fair compensation for work performed. This goal is pursued through a formal compensation administration program. The components of this program include: (1) describing the duties and responsibilities of a position and assigning it to the appropriate job classification and pay grade, (2) establishing ranges for each pay grade which consider prevailing wages/salaries in the University's labor markets, and (3) differentially rewarding an individual's education, experience, and success in meeting pre-determined performance criteria.

II. Definitions:

Exempt employee - is an employee who, because of his or her duties, responsibilities, level of decision making authority, and level of compensation is exempt from the statutory overtime requirements. Exempt employees are expected to work whatever hours are necessary to accomplish the goals and deliverables of the position. Thus, exempt employees have more flexibility in their schedules to come and go as necessary to accomplish work than non-exempt (hourly-paid) employees.

- At the University, the following job families are considered exempt: Professional, Administrative, and Supervisory (PAS) employees who meet the regulatory salary test, Professional-Ungraded (PUNG), Senior Administrators, and Deans, Directors, and Vice Presidents.

Non-exempt employee - is an employee who, because of his or her duties performed, the typical level of decision making authority, or level of compensation is subject to the FLSA provisions. Non-exempt employees are required to account for hours and fractional hours worked. Non-exempt employees must be compensated for all hours worked including overtime at one-and-a-half times their regular hourly rate for any hours worked in excess of 40 in a work week.

- At the University, the following job families are considered non-exempt: Clerical, Supervisory and Support Non-Exempt, Licensed Practical Nurse, Research Technicians, and Clinical Technologists. Professional, Administrative and Supervisory employees who do not meet the salary test to be paid on a salaried basis are considered non-exempt employees for the purposes of eligibility for overtime and are paid hourly.

II. Guidelines:

A. Components of the Program: The University's compensation program provides:

1. A pay range which is commensurate with a position's difficulty, complexity, and value to the University.
2. Equitable pay within the University for equal work which reflects quality of work performance regardless of age, race, creed, national origin, sexual orientation, military status, sex, disability, genetic predisposition or carrier status, or marital status.
3. Position descriptions of all classifications identified by title and code, and grouped into pay grades according to their relative difficulty, complexity, and value to the University.

B. Job Evaluation: Job evaluation is the process of determining a job's value as compared to other positions, by systematically assessing job content. It assesses the similarities and relative differences of positions. Positions of substantially equal level are grouped into the same pay grade.

C. Pay Grades: Pay grades provide a minimum and maximum monetary value for each job. The pay schedules are designed to recognize and provide for the following factors: different levels of skill, effort, and responsibility (as determined by job evaluation); the competitive labor markets; job performance; and availability of funding.

D. Annual Wage and Salary Guidelines: Specific program elements and administrative procedures are contained in the Wage and Salary Program Guidelines. The Guidelines are reviewed annually with appropriate changes made to the content and to pay schedules. This document is distributed to Deans, Directors, and Vice Presidents and should be made available to all employees via their supervisors.

E. General Information: Employees seeking information related to the Wage and Salary Guidelines and/or specific pay range information should contact their immediate supervisor.

See also Policy:

#191 New and Changed Positions
#413 Time Management and Attendance Records