

Compensation Policy

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SECTION I. POLICY STATEMENT

The University of St. Thomas values its employees as the most vital resource for advancing its mission and programs. Through the compensation program, the University strives to accomplish two primary goals: (1) to attract, retain, and motivate a highly talented workforce and (2) encourage and reward workplace activities that support the University's mission and overall objectives. A competitive compensation package includes an effective salary administration program and a comprehensive benefits plan. The University shall administer this policy consistent with its fiscal resources and in compliance with other university policies and applicable laws.

SECTION II. APPLICABILITY

This policy applies to regular full-time and part-time employees (staff and faculty) with an appointment term of one year or longer. Excluded from this policy are adjunct faculty, archdiocesan priests, temporary and on-call employees, students, and employees covered by collective bargaining agreements. Each section of this policy applies to all employees identified above, unless otherwise specified by a "Staff" or "Faculty" designation. To the extent this policy conflicts with a specific provision of the Faculty Handbook, the Faculty Handbook controls.

SECTION III. COMPENSATION PHILOSOPHY AND GUIDING PRINCIPLES

The University's compensation plan is designed to pay salaries that will attract, retain, and motivate a high-caliber workforce, while linking employee compensation with the University's strategic goals and objectives. The University considers internal equity and external market pressures when designing pay practices. An employee's pay reflects the level of contribution to the University, recognizes quality performance, and encourages growth and development. Positions of like responsibility and labor market conditions are paid within comparable salary grades and salary ranges based on an evaluation of each position and relevant market data. Individuals with comparable backgrounds are hired at comparable rates for the same or a similar position classification.

SECTION IV. EMPLOYMENT ACTIONS

Below are definitions of terms that may be used to describe employment actions.

Promotion

Staff: A promotion occurs when an employee moves from one position to another position with significantly more responsibilities and/or at a higher median market rate. Promotions may occur either through the application process or through the reclassification process. Promotions may include a salary increase within the salary range of the new position.

Faculty: Faculty promotions, which are tied to rank, are governed by the Faculty Handbook. Tenure-track, tenured, clinical, and teaching professors may be eligible for promotion to a new rank based on eligibility criteria outlined in the Faculty Handbook and a successful promotion review.

Demotion

Staff: A demotion occurs when an employee's position is permanently changed to a position with a lower title, level, duties and/or at a lower median market rate. When a demotion occurs, the employee's rate of pay may change. Only in rare circumstances should an employee's rate of pay exceed the maximum pay rate of the pay grade for his or her position.

Reclassification

Staff: A reclassification occurs when the duties and responsibilities of a position have changed significantly from the employee's current position profile. A reclassification may be treated as a promotion, or, in instances where a reclassification results in the assignment of a position to a lower median market rate, it may be treated as a demotion. Reclassification is not the appropriate remedy for recognizing employees who have acquired additional academic or professional credentials, or whose background, skills, and work experience qualify them for a higher-level position.

Faculty: Faculty positions are not eligible for reclassification. A faculty member may move into a new appointment type only as the result of being chosen through a search process or as provided in the Faculty Handbook.

Lateral Transfer

Staff: A lateral transfer occurs when an employee's position assignment changes to a different position in a new department. The new position's classification and median market rate is the same as the previous position's classification and median market rate, and the employee's rate of pay will remain the same.

Transfer

Staff: A transfer occurs when an employee changes to a different position with similar levels of responsibilities in a different department. A change in pay rate may occur as a result of a transfer.

Title Change

Staff: A title change occurs when it's determined by the manager and Human Resources that a different title is more descriptive of the nature of the work being performed by an employee. This action does not result in a change in median market rate or salary grade, and the employee's rate of pay remains the same. Employees who have questions or concerns about their rate of pay should reach out to their supervisor for additional information.

Market Adjustment/External Equity Adjustment

A market adjustment or external equity adjustment occurs when a position is either under- or over-priced in relation to comparable positions in the relevant labor market. The salary grade of the position and the pay rate of an employee may need to be adjusted. A market adjustment is used to address salary inequities arising from one or more of the following: external market pressure in high demand fields, internal salary compression, or concerns regarding the retention of certain employees. An employee's new pay rate should fall within the salary range of the new salary grade. Market adjustments are not granted to reward performance.

Internal Equity Adjustment

An internal equity adjustment is an increase to an employee's pay rate based on the comparison of an employee's current rate of pay with the pay of other University employees within the same

position classification or with similar position responsibilities. An internal equity adjustment may also be warranted to reflect an employee's growth in their own position, if their compensation and placement in their position's grade range is low.

SECTION V. POSITION CLASSIFICATION AND MARKET PRICING PRINCIPLES

Position Classification Structure

Staff: The University uses a position classification structure to provide an organizational framework for all positions at the University. A position classification structure groups positions into categories based on similar essential functions, skills, and abilities. The position classification structure provides an understanding of how positions relate to one another, the organizational purpose for each position, and determines pay.

Faculty: Faculty appointment types are outlined in the Faculty Handbook.

Position Descriptions/Position Profiles

Staff: Position descriptions provide a summary of the essential duties and responsibilities of a position. Human Resources uses position descriptions to determine position classifications, and the appropriate rates of pay based on the level and nature of the position. Components of a position description include a summary statement of the broad scope and function of the position; the essential functions and position responsibilities; the minimum qualifications needed to be successful in the position; the knowledge, skills, and abilities; and the position's reporting relationships. Human Resources maintains position descriptions for positions at the University.

Position descriptions are also used for the recruitment and selection of staff, to define career growth opportunities, develop performance expectations or standards, and to maintain compliance with various laws and statutes.

Faculty: The Faculty Handbook outlines broad responsibilities of each faculty appointment type. When a search for a new faculty member is conducted, a position profile with more focused qualifications and responsibilities is developed.

Position Analysis and Position Evaluation

Staff: Position analysis is the process of collecting information about a specific position to determine which activities and responsibilities it includes, the position's relationship to other positions in the same department or across the university, the qualifications necessary for performance of the position, and the conditions under which the work is performed. Human Resources uses position analysis and position evaluation to compare positions to other positions in a position classification. The position evaluation process does not take into account an employee's performance.

Market Pricing/Market Study/Salary Analysis

Staff: Market pricing, a method of determining the fair market value of a position or group of positions, is used to determine the competitive salary for a position. Human Resources uses data from annual published compensation survey sources to match position descriptions with survey benchmark positions to determine the market range. Benchmark positions are survey positions with similar position responsibilities to the responsibilities of the position being reviewed for the market

value of pay. When possible, Human Resources uses three data points from multiple salary survey sources from comparison groups or data cuts that are similar to the demographics of the University in order to identify market trends and variations. The survey data is then used to determine the appropriate median market pay and to assign the position to a pay grade.

Faculty: Salaries for faculty positions are informed by data for benchmark institutions provided by the College and University Professional Association for Human Resources (CUPA) and by internal median market data. Deans, in consultation with Human Resources and the Vice Provost for Academic Affairs, establish salary ranges for new faculty hires.

Salary Structure

Human Resources has an established salary structure of salary grades with corresponding salary ranges. Salary ranges are composed of a minimum, midpoint, and maximum pay rate. Salary ranges are used to target salaries and establish a range of pay by position classification. Salary grades are shared by many position classifications. Salary ranges are adjusted annually to remain competitive and near the median of the salaries paid by other employers in relevant comparison groups or labor markets. Human Resources uses published survey data to determine the percentage of adjustment for the University's salary ranges.

Salary Grades

Salary grades are pay levels within a salary structure assigned to a group of positions with similar scope and responsibilities, or similar external market median compensation. Each salary grade is composed of a salary range with a minimum, midpoint and maximum.

Minimum: The lowest salary rate assigned to a salary range. The minimum of the salary grade generally represents 80% of the midpoint, or median market (75% for higher level positions) of the assigned salary grade.

Midpoint: The salary rate that represents the middle, or median market, of a salary range. The midpoint of the salary grade generally represents the current median market value of a particular position within 3% (+/-).

Maximum: The highest salary rate assigned to a salary range. The maximum of the salary grade generally represents 120% of the midpoint, or median market (125% for higher level positions) of the salary grade.

To comply with the state of Minnesota's Pay Transparency law, Human Resources will include the starting salary range in internal and external job postings or an hourly rate of pay or range, as applicable. The starting salary/wage range in a job posting is different than the salary grade range. The starting salary/wage range is a good faith estimate of the starting salary/wage for a particular job opportunity at the time of the posting. Human Resources will determine the starting salary/wage range to be included in a job posting.

Median Market Pay or Median Market Rate

Median market pay is the 50th percentile or the median salary of positions with similar responsibilities. Positions with a median market ratio or comparative ratio (compa-ratio) of one (100%) are paid at the median market rate.

Median Market Ratio or Compa-ratio (Comparison Ratio)

The median market ratio or compa-ratio measures how an employee's current pay falls in relation to the median market, which is the midpoint or the 50th percentile. The median market ratio or compa-ratio is expressed as a percentage and is calculated by dividing the annualized salary by the median salary for similar positions and then multiplied by 100. Human Resources uses median market ratios to determine if employee salaries are competitive with the fair market value of comparable positions, and to determine internal equity between similar positions within the University.

Pay Progression

Pay progression represents how an employee's compensation moves within a salary range. Pay progression is determined by the span of each pay range and the number of pay ranges within the overall salary structure. Pay progression within a range recognizes the contributions from highly experienced employees near the maximum of the range compared to employees with less experience near the minimum of the salary range.

SECTION VI. EMPLOYMENT COMPENSATION

Setting Hiring Rates for New or Reclassified Employees

Staff: The pay rate for a new employee is typically set at an amount between the minimum hiring rate of the salary grade assigned to the position and the budgeted salary plus 3%. Consideration is given to the new employee's education and experience, as well as the pay rates of other employees within the hiring unit who perform similar positions and with similar education and experience. The starting salary for staff is set jointly by the hiring supervisor and Human Resources, with the approval of the appropriate Cabinet Member. The starting salary for faculty is set by the Dean in consultation with the Vice Provost for Academic Affairs.

Guidelines for Managing Compensation within Pay Ranges:

Staff:

Minimum	Midpoint/Median Market Rate	Maximum
• Newly hired or new to the role. • Meets only the minimum education and experience qualifications defined for the role. • Developing skills. • Guidance and supervision are required to perform day-to-day responsibilities.	• Fully proficient and qualified to complete the responsibilities of the role without direct supervision. • Demonstrates comfort with the subject matter and processes related to the role. • Acts as a resource to others.	• Fully proficient at an expert level. • Possesses an advanced level of skills and experience. • Consistently exceeds expectations for all performance objectives. • Effectively leads, coaches, and influences others within the context of their role.

Base Pay

Staff: Base pay is the compensation paid to an employee for their regular work hours excluding any benefits, bonuses, shift differentials, or overtime pay. Base pay can be expressed as an hourly rate or an annual salary.

Faculty: Base pay is the compensation paid to a faculty member for the duties associated with their appointment and reflected in their annual contract as “annual base salary.”

External Equity

External equity refers to the practice of comparing a position’s pay with comparable positions in the same industry or the same competitive labor market. Human Resources utilizes professionally accepted analysis practices and recognized published survey sources, such as local and national salary data, including those from similar educational institutions to determine external equity.

Internal Equity

Staff: Internal equity is the practice of compensating employees fairly and equitably based on their contributions to the University without discriminating based on gender, race/ethnicity, age or other legally protected characteristics. Human Resources weighs factors such as similarities between position responsibilities and the education, work experience, and skills of employees when determining compensation.

Faculty: Internal equity is the practice of compensating faculty fairly and equitably based on their appointment type, rank, years of service, and contributions to the University without discriminating based on gender, race/ethnicity, age or other legally protected characteristic.

Annual Salary Increase

Annual salary increases may be distributed as general increases, discretionary increases, performance-based increases, or a combination of a general increase plus a discretionary increase. All salary increases are contingent on the availability of funding.

General Increase

A general increase is an across-the-board increase or fixed percentage increase received by all eligible employees.

Discretionary/Merit Increases

A discretionary/merit increase is an increase to an employee’s rate of pay based on criteria such as work performance and completion of identified performance goals; an employee’s current salary relative to their peers, subordinates, and supervising management; and any special contributions above the employee’s goals. Discretionary increases may be determined by managers within the salary increase budgets and guidelines.

Acting or Interim Pay

Staff: A temporary salary differential or a one-time, lump-sum payment may be appropriate when an employee temporarily fills a position at a higher position level and at a higher market rate or salary grade for a consecutive period of two or more months. The general guidelines for compensating an employee serving in an interim or acting capacity is determined by temporarily

adjusting the employee's base salary from either 5% of the employee's base pay or an elevation in pay to at least the minimum of the hiring range of the temporary interim position, whichever is greater. The interim assignment should not exceed six months. If it becomes necessary to extend the assignment beyond the six-month period, a written request with a brief explanation must be provided to the designated Human Resources Partner for approval. When an interim appointment ends, the appointing manager notifies the designated Human Resources Partner in writing to terminate the interim or acting assignment. The employee will then return to his/her previous position classification, and their pay rate will return to their former pay rate plus any increases earned during the interim assignment.

Faculty: Faculty members may assume temporary administrative duties that last between one semester and one year. Pay for those duties are determined by the Dean, in consultation with the Vice Provost for Academic Affairs, and are paid as a stipend. The faculty member's contracted annual base salary remains the same.

Shift Differential

Staff: Employees may be employed in a position that requires shift work and for which the employee may be eligible for shift differential pay in addition to their regular base salary. Managers who have these types of work schedule requirements must work with Human Resources to determine the appropriateness of shift differential and the appropriate hourly amount. Employees will be informed in writing if they are eligible for a shift differential.

SECTION VII. FAIR LABOR STANDARDS ACT (FLSA)

The FLSA regulates minimum wage, overtime pay, recordkeeping, and youth employment standards. It requires employers to pay hourly, non-exempt employees the minimum wage rate plus overtime of one and one-half times their regular hourly pay rate for all hours worked over 40 hours in a standard work week. The work week for the University is Sunday through Saturday. Exempt employees are paid on a salary basis and do not receive overtime pay.

All Faculty are classified as exempt under the FLSA. Staff members are classified as either non-exempt or exempt, depending on their position. Employees will be notified, in writing, of any changes to their position's exemption status, as applicable.

Overtime Pay

Staff: Only positions classified by the University as hourly, (non-exempt), are eligible for overtime pay. Eligible employees are compensated for overtime in accordance with applicable federal and state laws and collective bargaining agreements. Hourly employees may not waive their right to overtime pay. Overtime must be pre-approved by the employee's supervisor. An employee who works overtime hours without prior approval from his or her supervisor may be subject to disciplinary action but will be paid in accordance with legal requirements.

Overtime will be paid for hours worked in excess of 40 in a given work week at a rate of one and one-half times the employee's regular rate of pay. For employees who have more than one pay rate, overtime will be calculated based on the weighted average of the combined pay rates.

Flexible Scheduling

Staff: A supervisor/manager may adjust the work schedule for an employee so that an employee does not exceed forty (40) worked hours in a work week. Scheduled hours must be adjusted within the same work week, which runs Sunday through Saturday.

Change in FLSA Status

Staff: Exemption from the FLSA is determined by an employee's salary level and the nature of the work performed. The work performed is put through an exemption test to determine whether the position can be exempt. A change from one exemption status to the other has implications for employees, including but not limited to differences in paid time off, and maintenance of time records.

Transition Allowance

A transition allowance is used in situations where the employee's salary is affected by a change in exemption status. The most notable effect of this change occurs when exempt employees transition to a non-exempt position. The reason is that hourly (non-exempt) employees are paid on a two-week delayed payroll cycle, whereas salaried (exempt) employees are paid up to date. Exempt employees whose exemption status changes to non-exempt (hourly) will not receive a paycheck at the end of the first pay period following the change in their exemption status. In these instances, employees may request a short-term loan from the University.

Short-term loans are repayable by the end of the current calendar or tax year. Employees must sign a promissory note for any short-term loans.

SECTION VIII. NON-BASE SALARY COMPENSATION

Staff – Miscellaneous Pay

Miscellaneous pay, which is another form of compensation, is used to compensate employees for duties performed beyond their regular position responsibilities. Miscellaneous payments may also be used for spot awards issued for going beyond their regular duties. Miscellaneous pay is not the appropriate mechanism for recognizing employees for performing their regular position duties or to supplement the annual salary increases of staff.

All miscellaneous payment requests are reviewed by Human Resources for appropriateness and may be returned to the requesting department for modification or relevant supporting documentation.

The miscellaneous payment process should not be used to pay hourly employees for hours worked. All hours worked by hourly employees must be submitted on their timesheet for the applicable payroll period. In accordance with the FLSA, lump sum miscellaneous payments may factor into the overtime rate for hourly employees.

Hourly employees who receive miscellaneous pay for work performed outside of their primary academic or administrative unit will be paid overtime pay at a rate of one and one-half times the weighted average of their combined pay rates for hours worked in excess of 40 in a given work week.

The salary for exempt employees is intended to compensate them for all their work performed for the University. Miscellaneous payments to exempt employees are intended to be used sparingly.

Faculty – Non-Base Compensation

Non-base compensation refers to any compensation a faculty member receives in addition to their annual base salary for work done that is not specified in their annual contracts. Examples would include compensation for a course taught as an overload or stipends for serving as a department chair, participating in a Faculty Development workshop, or supervising students conducting summer research. In the case of overloads, an additional contract is issued specifying the amount of compensation. Stipends do not appear on a faculty member's annual contract, but the terms are

agreed upon by both parties (faculty member and St. Thomas) prior to the commencement of the work.

SECTION IX. ACCOUNTABILITY AND RESPONSIBILITY

1. Human Resources is responsible for designing and administering the compensation program and assuring consistent and uniform application of this policy. Faculty compensation is administered by Human Resources, in collaboration with Academic Affairs, as governed by the Faculty Handbook.
2. Department heads, managers, and supervisors are responsible for being aware of the goals of the program and for administering the policy consistently and in a timely and equitable manner.
3. Department heads, managers, and supervisors, in consultation with Human Resources, are responsible for assuring that current and accurate position profiles are maintained for all staff within their departments, and that reclassification actions are initiated when appropriate. Faculty appointments are governed by the Faculty Handbook and overseen by the provost.