

MONTANA UNIVERSITY SYSTEM STAFF COMPENSATION AND PERFORMANCE DEVELOPMENT GUIDELINES AND PAY RULES

Effective Date: **June 20, 2005**

Approved by: **Sheila Stearns**
Commissioner of Higher Education

1.0 General Principles

1.1 Applicability

1.1.1 Rule Application. These rules apply only to those positions and employees of the Montana University System that are subject to the Montana University System Staff Compensation Plan. These rules do not apply to student employees, faculty, coaches, individuals hired through professional employment contracts or letters of appointment.

1.1.2 Part-time Employees. Part-time employees working less than half-time (.5 FTE) and temporary employees not covered by a collective bargaining agreement are generally excluded from this policy unless otherwise determined and set forth in policy by the campus Human Resource/Personnel office.

1.2 Effect

1.2.1 Effective Date. These rules are effective upon approval and adoption by the Commissioner of Higher Education. The effective date is the date the Commissioner signs these rules.

1.2.2 Changes. These rules may be changed as deemed necessary by the Commissioner of Higher Education. There is no vested right to any benefit or practice established under a prior rule or regulation.

1.2.3 Collective Bargaining Unit. For employees in a collective bargaining unit, these rules shall be followed unless they are in clear contradiction to provisions of the collective bargaining agreement, in which case the collective bargaining agreement prevails. Any such contradictions shall be referred to the Director of Labor Relations and Human Resources in the Office of the Commissioner of Higher Education office for a final determination.

2.0 Compensation Structure

2.1 Job Titles

Each position is assigned to a job title by the UM/MSU Personnel/Human Resource Offices based on a comparison to the Standard Occupation Code (SOC) definitions used in the Occupational Employment Statistics (OES) survey published by the U.S. Department of Labor, along with a comparison to other similar positions in the Montana University System.

2.2 Hiring Range

A hiring range is established by the UM/MSU Personnel/Human Resource Offices for each job title that shall include both a minimum entry rate (low entry) and a maximum entry rate (high entry). The Commissioner's of Higher Education designee shall give final approval of hiring ranges. For some job titles, the low entry is the same as the high entry. The Office of the Commissioner of Higher Education will publish and maintain a list of job titles and hiring ranges (specifying low and high entry) used in the Montana University System. Individual campuses may publish only those positions that exist on the specific campus.

2.2.1 Low Entry Wage. The low entry wage rate for each job title is established and updated on an approximate biennial basis based OES date.

2.2.1.2 No low entry wage is set at a rate less than \$8.25 per hour.

2.2.2 High Entry Wage. The high entry salary is the maximum salary that may be paid to a newly-hired employee. It is determined based on how far the MUS low entry wage is from the OES rate.

2.2.2.1 For job titles where the MUS low entry wage is 100% or higher than the OES rate, the high entry salary is 110% of the low entry wage. (Zone A)

2.2.2.2 For job titles where the MUS low entry wage is from 95% to 99% of the OES rate, the high entry salary is 115% of the low entry wage for that job title. (Zone B)

2.2.2.3 For job titles where the MUS low entry wage is from 90% to 94% of the OES rate, the high entry salary is 120% of the low entry wage for that job title. (Zone C)

2.2.2.4 For job titles where the MUS low entry wage is from 85% to 89% of the OES rate, the high entry salary is 125% of the low entry wage for that job title. (Zone D)

2.2.2.5 For job titles with past pay exceptions or strategic pay awards or other unusual circumstances, the salary range may fall outside of Zones A-D. These titles comprise Zone E and may have a range greater than Zone D or no range at all.

2.3 Utilizing Hiring Ranges for Newly-hired employees

Newly-hired employees shall normally be paid no less than the low entry wage established for each job title.

- 2.3.1 **Hiring Authority.** A hiring authority may offer an applicant who does not have all of the required knowledge, skills, abilities or experience a wage that is less than the low entry wage for the job title. In such instances the newly-hired employee's wage shall be set at a rate no less than 90% of the low entry wage established for the job title. Typically when an employee is hired for less than the low entry wage, the employee is placed on a training assignment that provides for a wage increase upon completion of a specific set of requirements. Each campus shall determine the administrative approvals required to pay a newly-hired employee less than the low entry wage.
- 2.3.2 **High Entry Salary.** The high entry salary is the maximum wage rate that normally may be paid to a newly-hired employee.
- 2.3.3 **Hiring Authorities.** Hiring authorities may not pay a newly-hired employee a higher entry wage rate than the base salary being paid any other employee with the same job title on the campus at which the vacancy exists. Exceptions will only be permitted when a higher salary is necessary to fill the vacancy and only when the newly-hired employee has demonstrably greater qualifications than any lower paid employee in the same job title. The evaluating "demonstrably greater qualifications" consideration should be given to directly relevant education and/or experience both within the Montana University System and external to the University System.
- 2.3.4 **Salary Flexibility.** If additional salary flexibility beyond the high entry for the job title is deemed necessary to fill a vacancy because an open recruitment failed to attract a qualified applicant or there is a history of failed job searches for the job title, strategic pay may be requested.

2.4 Wage Rate for Employees Changing Job Titles

When an employee accepts a new position with a different job title, the employee's new base wage rate shall be calculated according to the following criteria.

- 2.4.1 If the new position to which the employee is transferring has a low entry rate of pay that is at least 50 cents higher than the low entry rate of the employee's current position, the transfer shall be considered a promotion.
- 2.4.2 In the case of a promotion, the employee's base wage will be increased by 9% or the low entry of the new position, whichever is greater.
- 2.4.3 In unusual circumstances when it is necessary to pay a promoted employee a rate higher than that established by Section 2.4.2, new hire provisions set forth in 2.3.3 and 2.3.4 may be utilized.
- 2.4.4 If the new position to which an employee is transferring has a low entry rate of pay that is at least 50 cents lower than the low entry of the employee's

current position, the transfer shall be considered a demotion. The employee's new rate of pay shall be established at a rate in accordance with 2.3.2, 2.3.3, and 2.3.4 of this policy.

- 2.4.5 If an employee transfers to a new position with the same job title and/or substantially the same low entry rates, the employee's base rate of pay will be maintained.

2.5 Temporary Promotion

Temporary promotions may be utilized in response to organizational changes including but not limited to: reorganization, receipt of a new or expanded grant, or a temporary vacancy. The appropriate rate of increase in the event of a temporary promotion shall normally be between 5% and 9% depending upon the scope and complexity of additional duties and responsibilities assigned.

2.6 Approvals and Justification Required

Hiring authorities must be sensitive to potential problems that may result if a newly-hired employee is paid a higher wage than a longer-term employee. Sometimes this is necessary and justifiable in the event of serious recruitment and retention problems or if the newly-hired employee has unique skills that are needed in the department. Before approving an entry wage rate for a newly-hired employee that is higher than the base wage paid a current campus employee in the same job title, the wages and length of employment of other campus employees with the same job title must be reviewed in order to identify any potential inequities that may be present. The rationale for paying a newly-hired employee a higher wage must be justified in writing. A proposal for addressing any perceived inequities that may result from this request shall be included in the justification.

If a hiring authority proposes to offer a wage that is higher than the wage paid a current employee in the same job title on the same campus, additional administrative approvals are required. The approval process shall be established at each campus.

3.0 Across-The-Board Pay Increases

3.1 Amount and Effective Date

The amount and effective dates are determined by Board of Regent policy and through the collective bargaining process.

3.2 Eligibility

- 3.2.1 Permanent employees hired prior to the effective date of the salary increase are eligible to receive the Across-the-Board salary increase.

- 3.2.2 Temporary employees hired for a period of less than four (4) consecutive months are not eligible for the Across-the-Board salary increase.

- 3.2.3 Temporary employees hired for four (4) or more consecutive months may or may not be eligible for Across-the-Board salary increases as determined by each campus and any applicable collective bargaining agreement.

4.0 Strategic Pay

Permanent employees covered by this policy who have completed their probationary period may be eligible for retention and newly-hired Strategic Pay. The award of Strategic Pay is at the employer's discretion pursuant to approval criteria. There is no entitlement to Strategic Pay. In order to be eligible for Strategic Pay, the employee must have a current Role Description and Performance Plan. The employee must have no active formal disciplinary action and must have received a Met or Exceeded Expectations rating on the most recent Performance Development Review. Employees are only eligible for Strategic Pay if a current Performance Plan and a Performance Review indicating a rating of Met or Exceeded Expectations for the most recent performance development cycle are submitted with the request.

4.1 Criteria

Strategic Pay may be awarded at the discretion of the employer, pursuant to approval criteria, in the following circumstances:

- 4.1.1 To retain an employee with unique knowledge, skills, or abilities that are critical or vital to the achievement of the University's or department's mission or strategic goals when the employee's resignation would have a significant adverse impact on the accomplishment of critical and time-sensitive projects or when such employee has received a more lucrative job offer or otherwise presents compelling evidence of his/her marketability; or
- 4.1.2 To mitigate problems with recruitment and retention when it can be documented that such problems are related solely to noncompetitive salary levels; or
- 4.1.3 To some or all current employees performing the same work under the same working conditions requiring the same level of knowledge, skill, or ability in order to resolve inequities created when it was necessary to pay a newly-hired employee a higher salary than current employees with equal or greater qualifications and performance; or
- 4.1.4 To compensate an employee who is required to perform a job under unique working conditions that have resulted in documented recruitment and retention problems.
- 4.1.5 The fact that Strategic Pay is granted to one or more employees on the same or another campus or in the same or another department may not be used as justification for additional Strategic Pay requests.

4.2 Types and Amounts

- 4.2.1 Type. Strategic Pay may be a permanent or temporary base adjustment. Strategic Pay may also be a one-time or periodic bonus that is not added to an employee's base.
- 4.2.2 Amount. The amount of Strategic Pay is determined by the employer pursuant to approval criteria. Factors to consider when determining Strategic Pay amounts include but are not limited to: the employee's job-related qualifications (experience, knowledge, skills, abilities, and performance); OES salary survey; salary survey data from the local community; recruitment and turnover statistics; existing salary relationships within the campus and work unit; the effect that the award of Strategic Pay will have on the morale, productivity and overall operation of the campus and the work unit; and budget availability and constraints.

4.3 Approval and Reporting

- 4.3.1 Strategic Pay for Individual Employees. Strategic Pay requests for individual employees must be submitted in writing to the campus Human Resources Director by the Dean/Director of the Department with evidence that the request is supported by the Dean's/Director's supervisor(s) including the appropriate Vice President, Vice Chancellor or Executive Officer. The written request must include justification that explains in detail the purpose and amount of Strategic Pay requested and must address all of the applicable factors listed in section 5.2.2. The source and availability of the funds to be used for Strategic Pay must also be identified in Strategic Pay requests.
 - 4.3.1.1 The campus Human Resource Office shall conduct an independent analysis of salary survey, recruitment, and turnover statistics; compile and analyze any additional information considered beneficial; and determine whether there is sufficient justification for the request. If the strategic pay request is for the purpose of mitigating problems with recruitment and retention, the campus Human Resource Office must verify that the requesting department's recruitment and retention problems are substantially greater than those encountered in other departments and that the department's recruitment and retention problems are related solely to noncompetitive salary levels.
 - 4.3.1.2 Upon approval of a request for Strategic Pay by the campus Human Resource Office, the request shall be submitted to the campus Chief Executive Officer (CEO) for final approval. Additional approvals may be required as determined by the appropriate President/Chancellor.
 - 4.3.1.3 Each campus shall, by August 1 of each year, submit a report to the Commissioner of Higher Education, which includes the names and job titles of all individuals who received Strategic Pay in the prior fiscal year and the amount, type and purpose of Strategic Pay.
- 4.3.2 Strategic Pay for Multiple Positions. Strategic Pay requests to cover more than one employee holding the same job title must be submitted in writing in

the same manner as required for individual Strategic Pay requests. When such pay requests have been approved by the same individuals who must approve individual Strategic Pay requests, the original request including all required approvals shall be submitted to the Commissioner of Higher Education. The Commissioner shall forward the request to all other campuses with employees assigned the same job title in order to provide an opportunity for comment on the proposal. If the Strategic Pay is to cover employees in a bargaining unit, the bargaining agent shall also be notified and given an opportunity to comment on or object to the proposed implementation of Strategic Pay. The Commissioner shall approve the request for Strategic Pay unless opposed by the bargaining agent, another campus, or otherwise considered not in the best interest of the university system.

5.0 Progression Pay

5.1 Definition

5.1.1 Progression pay is awarded when an employee has advanced to the next step of a pre-approved Career Ladder. A position vacancy notice is not required in order for an employee to progress within a Career Ladder. Career Ladders are not available for all positions, or for all employees.

5.1.2 There are two requirements for Progression Pay:

- a. The department must have an operational need for the higher level work; and
- b. The employee must be interested in the higher level work and must have demonstrated the potential to attain the necessary skills to perform it successfully.

5.2 Eligibility

5.2.1 Permanent full-time and part-time employees who have successfully completed their probationary periods are eligible for Progression Pay if all other criteria are met. The employee must have no active disciplinary actions and must have a current Role Description and Performance Plan, in addition to having received a Met or Exceeded Expectations rating on the most recent Performance Review. Temporary and fixed-term employees are not eligible for Progression Pay.

5.2.2 The primary criterion for advancement through a pre-approved Career Ladder is whether the department needs someone to perform more complex duties and responsibilities.

5.3 Types of Career Ladders

5.3.1 Job Series Career Ladders are routinely developed where levels already exist within position titles, i.e., Administrative Associates; Accounting Associates; mail services employees, etc. The distinguishing characteristics are analyzed by the UM/MSU Personnel/Human Resource Offices.

5.3.2 Individual Career Ladders may be used for progressions where no Job Series Career Ladder exists. For example, an Individual Career Ladder may be developed for an employee who is an Administrative Associate and is going to move into a more computer support-related role in order to fill a departmental need for technical support. The supervisor, employee, and Human Resources representative analyze the progression and distinguishing characteristics of the current and proposed higher level work and develop a Progression Plan.

5.4 Procedures for Development

Step 1: Employee and supervisor agree that a Career Ladder is appropriate.

Step 2: Supervisor completes a Progression Plan form, and any other forms required by the campus, requesting approval by department head for either:

- a. a Job Series Progression Plan; or
- b. an Individual Progression Plan. An Individual Progression Plan shall specify the education, experience, distinguishing characteristics and responsibilities required for progression to each level of the Individual Career Ladder.

Human Resource representative is available to provide assistance in designing an Individual Career Ladder and in completing the form.

Step 3: Each request shall include a proposed timeline for the employee's acquisition of the necessary skills and knowledge. Each step of a Career Ladder typically requires approximately six (6) months to one (1) year for completion. The length of time required is based on:

- a. the time it will take the employee to attain the qualifications, knowledge, skills, and abilities required by the higher level work and the time it will take the employee to demonstrate effectiveness at the higher level; and
- b. the time it will take the department to develop the need for the higher-level responsibilities.

Step 4: Employee, immediate supervisor, and the Dean/Director must sign the Progression Plan form. The campus Human Resources Office must also review, approve and sign the form.

5.5 Amount

5.5.1 Progression Pay is an increase to the base salary, which is awarded when the employee completes each level of an approved Career Ladder and the department has developed the need for the higher level responsibilities, as outlined in the Progression Plan.

- 5.5.2 Salary increases will be based on the additional qualifications required and increased responsibilities assigned.
 - 5.5.2.1 Employees who successfully complete a progression plan shall be eligible for a 9% increase in base salary or the low entry wage of the new job title, whichever is greater.
 - 5.5.2.2 The effective date of the progression pay salary shall be specified in the progression plan but may be delayed if progression plan criteria have not been met. Progression pay may be implemented in one increment of 9% upon completion of the progression plan or may be implemented in up to three proportionate (but not compounded) increments.
- 5.5.3 All Progression Pay increases shall be approved in advance by the campus Human Resource Office.
- 5.5.4 A Progression Pay salary increase will not be justification for a salary adjustment for other employees employed with the same job title within the University.

6.0 In-Range Progression Pay

6.1 Definition

In Range Progression Pay is awarded when there is an increase in an employee's knowledge, skills, duties, and responsibilities within his or her job title and management has identified a need for the higher level responsibilities.

6.2 Eligibility

Permanent full-time and part-time employees who have successfully completed their probationary period are eligible for In-Range Progression Pay if all other criteria are met. The employee must have no active disciplinary actions and must have a current Role Description and Performance Plan, in addition to having received a met or exceeded expectations rating on the most recent Performance Review. Temporary and Fixed Term employees are not eligible for In-Range Progression Pay.

6.3 Requirements for In Range Progression Pay

6.3.1 The employee is regularly performing significantly more complex projects, assignments, and responsibilities of the job classification that meet distinct, recognized organizational needs;

6.3.2 The employee has demonstrated the attainment of a significantly higher level of knowledge and skills that are specific to his or her job classification and functional area;

6.3.3 The employee's most recent Performance review (i.e., within the last 12 months) within the current job classification reflects a Met or Exceeded Expectations rating;

6.3.4 Confirmation that at least 12 months have elapsed since the employee's last progression;

6.3.5 The amount of the proposed increase should be justified and reasonable when compared to other appropriate positions; and

6.3.6 Confirmation that funds have been identified and authorized by the appropriate administrator to support the salary increase.

6.4 Procedures for Development

Step 1: Employee and supervisor agree that an In-Range Progression is appropriate.

Step 2: Supervisor completes an In-Range Progression Form, and any other forms required by the campus, requesting approval by the department head.

Step 3: Employee, immediate supervisor, and the Dean/Director must sign the In-Range Progression Plan form. The campus Human Resources Office must also review, approve, and sign the form

Step 4: The campus Human Representative and administrative official should work together in partnership to determine the appropriate and most effective use of in-range progression pay.

6.5 Amount

In-Range Progression Pay is an increase to the base salary, which is awarded when approved through the appropriate administrative officials on each campus, including Human Resources. The amount of the increase shall not exceed four (4) percent of the base salary of the employee.

7.0 Lump Sum Bonuses

7.1 Definition

A Lump Sum Bonus (not added to employee's base salary) may be awarded to an employee when that employee has exhibited exemplary service or contribution to the University. The award of a Lump Sum Bonus is at the employer's discretion. There is no entitlement to a Lump Sum Bonus and it is up to the employer to advance such a request. Lump Sum Bonuses may be given in the following increments: \$100, \$200, \$350, \$500, \$750, or a maximum \$1,000.

7.2 Eligibility

- 7.2.1 Permanent employees who have successfully completed their probationary period and are assigned to a position covered by the MUS SC & PDP may receive a Lump Sum Bonus upon the recommendation of their supervisor if the job performance criteria are met.
- 7.2.2 Employees must have no active formal disciplinary action, must have a current Role Description and Performance Plan, and must have received a Met or Exceeded Expectations rating on the most recent Performance Review. Temporary and fixed-term employees are not eligible for Lump Sum Bonuses.

7.3 Criteria

The following performance criteria shall be used in making requests for Lump Sum Bonuses: To qualify for a Lump Sum Bonus, the employee must have demonstrated exceptional performance in the following criteria: 1A and 1B and 1C, PLUS meet ONE of the additional criteria: 2A or 2B or 2C or 2D or 2E.

1A. Effort.

The effort of work greatly exceeds expectations. The work produced a positive, significant effect for the University. The service, project, or product clearly demonstrates an extra effort put forth by the employee.

- AND -

B. Consistency

In order to be eligible for a bonus, an employee must maintain a consistent level of satisfactory or higher job performance on a recurring basis over a significant period of time. The effort required to accomplish the extraordinary project or product is of noteworthy duration and the exceptional/superior service is consistently applied.

- AND -

1C. Quality

The service, project or product is of the highest quality and greatly exceeds typical job performance expectations.

- AND -

2A. Quantity

The amount of work produced clearly exceeds standard expectations for others.

- OR -

2B. Originality

The service, product, or project is exceptionally creative and innovative.

- OR -

2C. Cost Savings/Revenue Generation

The product or service will create a substantial, documented cost-saving or revenue-generating effort for the University.

- OR -

2D. Efficiency

Efficiency of university operations is measurably enhanced by the employee's work.

- OR -

2E. Life Safety/Safety of Working Conditions

Action(s) taken by the employee results in the prevention of serious property damage and/ or physical injury and is outside the scope of employee's regularly assigned job duties and responsibilities.

7.4 Approval and Reporting

Step 1: A Lump Sum Bonus Request Form shall be completed by employee's immediate supervisor and endorsed by the Dean/Director of the department.

Step 2: The supervisor shall attach to the form all relevant documentation supporting the request.

Step 3: The request form and documentation shall be forwarded to the campus Human Resource Office.

Step 4: The Human Resource Office will review and evaluate the request.

a. If approved by the campus Human Resource Office and no other approvals are required, the Dean/Director will be notified of such approval, and the request will be submitted for processing of the payment.

b. If denied by the campus Human Resources Office, the immediate supervisor and Dean/Director will be notified of the denial and reason(s) for such denial.

c. If approved by the campus Human Resource Office and all others required by campus policy, the signed form shall be forwarded to the appropriate Vice President, Vice Chancellor or executive officer and

campus CEO. If approved, the form shall be returned to the campus Human Resource Office in order to process the payment. If denied, the Vice President, Vice Chancellor or other appropriate executive officer and campus CEO will notify the campus Human Resource Office of the reason(s) for the denial. In either case, the campus Human Resource Office will notify the supervisor and Dean/Director of approval or denial of the request and the reason for denial, if applicable.

Step 5: Upon receipt of all required approvals and submission for payment, the Lump Sum Bonus shall be processed as soon as reasonably possible. The campus Payroll/Human Resource Office shall determine whether the Lump Sum Bonus will be issued as part of the regularly scheduled paycheck or as a special check.

7.5 Approval Requirements

7.5.1 Campus Discretion. Campuses may establish their own signature procedures that would require signatures in addition to those specified below.

7.5.2 **\$100 and \$200.**

- Employee's immediate supervisor
- Dean/Director of department
- Campus Human Resources Director

7.5.3 **\$350 and \$500.**

- Employee's immediate supervisor
- Dean/Director of department
- Campus Human Resources Director
- Vice President, Vice Chancellor or other appropriate executive officer

7.5.4 **\$750 and \$1,000.**

- Employee's immediate supervisor
- Dean/Director of department
- Campus Human Resources Director
- Vice President
- Vice Chancellor or other appropriate executive officer
- Campus Chief Executive Officer

7.6 Denial/Appeal Procedure

A request for a Lump Sum Bonus may be denied by the Dean/Director, Vice President or Chancellor, Chief Executive Officer, or campus Human Resources Director. If denied, the employee's immediate supervisor will be provided an explanation of such denial.

Denials of Lump Sum Bonus requests may not be appealed or grieved.

7.7 Lump Sum Report

Each campus shall, by August 1 of each year, submit a report to the Commissioner of Higher Education which includes the names, job titles and amount and purpose of all employees who received lump sum bonuses in the prior fiscal year.