Academic Affairs Compensation Practice for Hiring Staff

**Issue:**

The current compensation practice for Academic Affairs has a need for balancing fair, appropriate, and competitive salary offers for new hires with apposite budget control, internal pay equity, and fair market value to The Florida State University (FSU).

Continually hiring fully proficient candidates at an entry level rate can lead to salary compression if an FSU classification salary range is not competitive, falls below external benchmarks or is not populated by employees experiencing periodic pay adjustments. In this case paying a proficient candidate more than what existing proficient employees are paid causes salary disparity and equity issues. In addition, under current guidelines if an internal candidate is selected for a job posted by FSU they generally receive no more than 10% over their current salary. This can create problems if the employee’s salary, plus 10%, is not equal to the minimum of the job code pay range.

**Budget Control, Internal Pay Equity, and Fair Market Value:**

There is a need to have controls in place to provide equitable salary rates. Throughout the university, university practice should discourage establishment of salary ranges that exceed current salary market benchmarks or the value of the position to FSU. In simple terms, the university should not allow paying too much salary for a position. This is a paramount concern as budgets set definitive limits as to what can be spent for salary rates. Internal equity is also important as it values not only what a job is worth; it assures the job is consistently valued the same way across campus.

Using a pay band to determine the equity of a job is challenging given the pay bands’ broad salary range. Determining fair market value is also challenging. Managers engaged in hiring use a variety of methods to make their case. Many of their justifications of market rate can appear subjective, anecdotal, or be viewed as simply acting as an advocate or proponent of candidates. This in turn makes it difficult for budget managers/approvers to rely on the justification provided on the Salary Explanation Forms to make a fiscally sound decision on fair compensation. This situation can prove contentious because all offers must be approved by the budget manager/approver before they are made by the hiring manager.

**New Process:**

The new practice effective August 2010 is designed to create more realistic hiring ranges based on the job code (classification); provide more flexibility to hiring managers; provide closer communication between hiring manager and budget manager/approver; and provide a more objective methodology in decision making when a Salary Explanation Form is reviewed by budget managers.

August 16, 2010
Practice Recommendations:

The practice is based on:

- Ongoing compensation reviews,
- User feedback,
- Technologies that allow HR to utilize tools that can provide data which help both hiring and budget managers make better decisions.

The practice is comprised of a series of processes and implementation tools. Attachments are provided that detail the processes.

Processes Overview (See Attachment):

- Advertised salaries for positions should be flexible. No salary should be advertised for less than the minimum of the payband in which the position resides and should include a range of reasonable amounts that the unit might be expected to pay.

- Departments may list the following statement in the salary field of their job openings: “The minimum salary for the classification of this position is _______; the department may hire at or above the minimum based on education and experience.”

External Hires

- Offers can be made from the minimum of the appropriate payband up to 9.9% over the minimum of the job code range given to the hiring manager at the time of the posting with no Salary Explanation Form. Offers at or above 10% of the minimum of the job code range also require the Vice President’s (VP) approval, a Salary Explanation Form and compensation analysis (i.e. Salary Survey and salary consideration tool) to support the Salary Explanation Form.

- All offers above the midpoint of the job code range will also require the Salary Explanation Form with the appropriate VP and the Assistant Vice President (AVP) of HR endorsement. Two approvers are necessary to help support compliance and consistency across all divisions.

Internal Hires

- Band to Band Promotions- Band to band promotions take place when a candidate moves to a higher payband. Internal candidates may receive up to 9.9% over their current salary or the minimum of job code range, whichever is greater as long as the position includes greater responsibilities. Increases at or above 10% of the current salary or over the minimum of job code range also require VP approval, the Salary Explanation Form, and a compensation analysis (i.e. Salary Survey and salary consideration tool) to support the request.
In-band Promotions- In-band promotions are promotions within the candidate’s existing payband. Promotional increases associated with the hiring process are permitted only when the position is in a different classification with increased responsibilities. Internal candidates may receive up to 9.9% over current salary or the minimum of job code range if increased responsibilities are *documented. Increases at or above 10% of the current salary or over the minimum of job code range also require VP approval, Salary Explanation Form, and a compensation analysis (i.e. Salary Survey and salary consideration tool) to support the request.

Lateral hires- The candidate moves into a new position in the same or a similar classification as their current position. Normally no increase is recommended for lateral transfers. Increases up to 5% of current salary associated with the hiring process are permitted only when the position shows increased responsibilities. The increased responsibilities must be *documented. All increases above the current salary also require VP approval, Salary Explanation Form, and a compensation analysis (i.e. Salary Survey and salary consideration tool) to support the request.

If a proposed increase places an internal candidate above the midpoint of his or her new job code range, a Salary Explanation Form with the appropriate VP and the AVP of HR endorsement will also be required.

Notification of Intended Offer

All departments must notify Human Resources before an intended offer is made to a candidate if:

- The projected salary for a new hire is at or above 10% of the minimum of the job code range;
- The projected salary for an internal band to band promotion is at or above 10% of the current salary or over the minimum of the job code range;
- The projected salary for an internal in-band promotion in a new classification with *documented increased responsibilities is at or above 10% of current salary or over the minimum of the job code range;
- The projected salary for an internal lateral move with *documented increased responsibilities involves a pay increase;
- The prospective internal hire will result in a demotion for candidate with pay change;
- The projected salary is set by the federal government for foreign nationals (i.e. H1-B or H2-B or PERM ATTESTATION);
- Any offer above the midpoint of the job code range.

All offers must be approved by the appropriate personnel (i.e. Office of the Provost) before presenting it to the selected candidate.

*The Office of Compensation/Classification in Human Resources must review the position descriptions to document increased responsibilities.
Available Tools:

- **Salary Surveys.** University Human Resources has developed tools to review the internal value and salary ranges for a job code/classification. Tools are also available that identify the benchmarks needed to compare the external labor market value of the position. The external benchmarks are based on a variety of Salary Surveys and take into consideration the locale in which possible candidates may be available. Local, state, regional, or national benchmarks may be used in recognition that labor markets vary from place to place. Special requests can be made to include benchmarks the hiring manager wishes to use. Special request benchmarks must be used consistently for like situations.

- **Salary Consideration Tool.** Tools are available via Human Resources Compensation/Classification to help salary managers consider which pay range quartile the selected candidate belongs (i.e. entry level- first quartile; proficient level- second and third quartiles; advanced level- fourth quartile) using a criteria that best fits the position description. The quartiles only represent a prospective pay range; other considerations such as available budget, internal equity, and available salary rate would be determining factors as to how much to offer a candidate. When using the salary consideration tool, justification should be included on the Salary Explanation Form when recommending more than the minimum in the salary range. The Salary Consideration Tool does not determine salary increases. It is intended to help support hiring salary considerations for advertised positions.

- **Pay Matrix.** University Human Resources maintains a Pay Matrix and an associated online guide to help ensure salary consistency and equity. Effective August 2010, the current policies and procedures will be modified to implement this practice statement.
Attachment

Academic Affairs Salary Approval Process:

Position approved by position exception committee (if applicable).

Notification to Hiring Managers

In the email indicating a job posting has been released for advertising; the HR recruiter will include the approximate quarterly job code salary range (obtained from the Salary Surveys by job code saved on the HR shared drive and updated quarterly) and language indicating all offers in the following categories will require a Salary Explanation Form and must be approved by The Office of the Provost prior to a job offer if:

- The projected salary for a new hire is at or above 10% of the minimum of the job code range;
- The projected salary for an internal band to band promotion is at or above 10% of current salary or over the minimum of the job code range;
- The projected salary for an in-band promotion in a new classification with *documented increased responsibilities is at or over 10% of current salary or above the minimum of the job code range;
- The projected salary for an internal lateral move with *documented increased responsibilities involves a pay increase;
- The prospective internal hire will result in a demotion for candidate with pay change;
- Any offer above the midpoint of the job code range (requires VP and AVP of HR endorsement).

All offers must be approved by the appropriate personnel before presenting it to the selected candidate.

*The Office of Compensation/Classification in Human Resources must review the position descriptions to document increased responsibilities.

(The HR recruiter will include language in the email directing the Department Rep. to forward job code range information to the hiring manager.)

Posting

Advertised salaries for positions should be flexible. However, no salary should be advertised for less than the minimum of the payband in which the position resides and should include a range of reasonable amounts that your unit might be expected to pay. If a salary range is not in line with department expectations, they may be referred to The Office of Compensation/Classification in Human Resources to ensure the position is classified properly and/or HR may ask to test the market with the department’s current advertisement.

August 16, 2010
After the job posting has been released, the recruiter will request the Salary Survey from the compensation analyst (if the information has not already been saved on the shared drive for the job code); the HR recruiter will be prepared to provide the Salary Survey to the department via the routing email. *(The salary survey should include division/department and external benchmarks.)*

**Routing Email**

The recruiter will notify the department of the routed applicants via email and will include the Salary Survey, as well as a reminder that all offers in the following categories will require a Salary Explanation Form and must be approved by The Office of the Provost prior to a job offer if:

- The projected salary for a *new hire* is at or above 10% of the minimum of the job code range;
- The projected salary for an *internal band to band promotion* is at or above 10% of current salary or over the minimum of the job code range;
- The projected salary for an *in-band promotion* in a new classification with *documented increased responsibilities is at or above 10% of current salary or over the minimum of the job code range;
- The projected salary for an *internal lateral* move with *documented increased responsibilities involves a pay increase;
- The prospective internal hire will result in a demotion for candidate with pay change;
- Any offer above the midpoint of the job code range *(requires VP and AVP of HR endorsement).*

*All offers must be approved by the appropriate personnel before presenting it to the selected candidate.* *(The HR recruiter will include language in the email directing the Department Rep. to forward Salary Survey information to the hiring manager.)*

If more than a month passes from the time the Salary Survey is provided to the department and a hiring decision is made, the department may require an updated survey.

**Conditions that do not require a Salary Explanation Form**

- *New hires* from the minimum of the appropriate pay band to up to 9.9% above the minimum of the job code range;
- *Internal band to band promotions* up to 9.9% of the current salary or at the minimum of the job code range;
- *Internal in-band promotions* up to 9.9% of the current salary or at the minimum of the job code range with documentation of different classification and *increased responsibilities;
- *Internal lateral* moves with no salary increase.

*The Office of Compensation/Classification in Human Resources must review the position descriptions to document increased responsibilities.*
Federal requirements for Foreign Nationals

In cases where pay may be set by the federal government for foreign nationals (i.e. H1-B or H2-B or PERM ATTESTATION) HR must be notified before sending A&P and USPS positions to the Department of Labor for analysis. The budget manager must approve wages set by the federal government before the offer is made to the candidate.

Voluntary Demotion

For internal employees who are hired into classifications in a lower pay band with similar or decreased levels of responsibility, consultation with HR Employee & Labor Relations is required. If salary is changed, the salary should be:

- Within the minimum and maximum of the new job classification;
- Reviewed by HR Compensation/Classification for internal salary equity and verification of the change in levels of responsibility;
- Equitable and consistent with past pay practices;
- Approved by The Office of the Provost.

Courtesy Notification

If an internal hire is under consideration as a top candidate, it is necessary to notify the other department head, director or supervisor that an employee has applied for a position within your department (this is only necessary if this is the person you want to hire). When the employee is formally contacted for an interview, the employee should be advised that their department head, director or supervisor will be notified.

The hiring department should notify the current department and an appropriate discussion be conducted not only to learn of the employee’s performance, but determine whether the employee is currently involved in a critical role or project that would be jeopardized if the employee were to leave immediately. If such a role is identified, the hiring department should clearly state that the employee is only being considered for the position but, if they were selected, what type of transition would be required to avoid an adverse impact on the current department? In the event such a candidate is to be offered a new position, a transition plan should be developed. Any potential transition plan should be one that would be considered reasonable to both departments and the employee. In the event that an understanding cannot be reached, the matter should be referred to an appropriate level for resolution.

Salary Consideration for Top Candidate

Once the hiring manager has identified the top candidate, he or she will contact The Office of Compensation/Classification in Human Resources to run the Salary Consideration Tool. The salary tool will help determine the quartile of the selected candidate. Human Resources will send the analysis back to the hiring manager. If the projected hiring salary requires The Office of the Provost/HR approval as outlined above (see Routing Email), the Department will send the analysis information to The Office of the Provost; justification is required to support salaries above the minimum of the recommended quartile.

August 16, 2010
Notification of Offer to Top Candidate

All departments must notify Human Resources of an intended offer if approval is required as outlined above before an offer is made to the candidate. All offers must be approved by The Office of the Provost before presenting it to the selected candidate. The AVP of HR will continue to review all salaries before appointment paperwork and job offer is approved by the recruiter.