ADMINISTRATIVE GUIDELINES
Compensation Program for Unclassified/Unrepresented
Table of Contents

Introduction ........................................................................................................................................... 3
Compensation Philosophy and Mission Statement ........................................................................... 3
  Mission Statement (Role of Pay) ........................................................................................................ 3
  Commitment and Maintenance ........................................................................................................ 3
  Roles and Responsibilities ............................................................................................................... 4
Establishing a Position ....................................................................................................................... 5
  Job Title Guidelines ....................................................................................................................... 5
Setting Starting Salaries ..................................................................................................................... 5
Pay for Scarce / Unusual Skills .......................................................................................................... 6
Managing Pay within a Grade ............................................................................................................ 6
Changes to Job Content ...................................................................................................................... 8
  Change in Tools or Processes for Current Job ............................................................................... 8
  Expanded Responsibilities in a Current Job ................................................................................. 8
  Temporary Assignments / Interim Appointments ........................................................................ 9
  Reclassification of a Job ............................................................................................................... 10
Transfer, Promotion, and Demotions ............................................................................................... 10
  Transfer / promotion to a job in the same pay grade ................................................................. 10
  Promotion to a job in a higher grade ............................................................................................ 11
  Demotion to a job in a lower grade ............................................................................................... 12
Salary Increases and Adjustments .................................................................................................... 12
  Salary Increases Based on Performance ....................................................................................... 12
  Equity and Market Adjustments .................................................................................................... 12
  Off-Cycle Salary Increases .......................................................................................................... 12
Employees below the Minimum or Above the Maximum ............................................................. 13
Maintaining the Compensation Program .......................................................................................... 13
Introduction
Administrative guidelines are designed to provide an overall Salary Program that is market competitive, internally equitable, and reflective of desired roles and responsibilities. Effective compensation programs balance structure with flexibility to be competitive within markets and for required talent. Formulaic or rigid rules rarely work in competitive environments. This document has the following sections:

- Compensation Philosophy and Mission Statement
- Program roles and responsibilities
- Pay for scarce/unusual skills
- Managing pay within a grade
- Changes to job content
- Transfers, promotions, and demotions
- Salary increases and adjustments
- Employees below minimum or above maximum of the range
- Maintaining the program

Compensation Philosophy and Mission Statement
Mission Statement (Role of Pay)
Portland State University views compensation as a core element of a highly competitive overall employee package that also includes generous health and retirement benefits, tuition benefits, and a supportive work environment. To this end, the University will:

- Provide salary opportunities that are based on job responsibilities, experience, expertise, and performance. Strive to be competitive within the markets in which the University competes for talent, and promote internal equity, with consideration for the financial resources of the University.
- Ensure understanding of the total compensation program through open, clear, and accessible communication on key components and opportunities of the program.
- Permit the appropriate level of flexibility to accommodate all PSU staff segments and their requirements.

The compensation structure will reflect the University’s Strategic Initiatives, cost to students including access and affordability, culture of the institution, reflect our commitment to positive relationships with our employees and employee unions, and support PSU’s ability to recruit and retain professional talent in a competitive market as fiscally feasible.

Commitment and Maintenance
Total compensation is defined as the sum of all cash and benefits provided to PSU employees. PSU will strive to be market competitive\(^1\) in overall total compensation. The

\(^1\) PSU’s goal is to move employees closer to market median of their established comparators’ total compensation amounts.
A compensation program may also provide flexibility to adjust market positioning of strategic roles to meet key institutional needs and/or market pressures. A commitment to maintaining the total compensation program, through:

- Clear and consistent job titling practices.
- Regular updating of position descriptions.
- Periodic review of job structure, families, and levels (2-4 years).
- The identification of key benchmark jobs used to monitor the market.
- Periodic review of the salary structure with adjustments made as necessary and as financially feasible to maintain market competitiveness.
- Periodic reviews of incumbent salaries relative to one another to ensure internal equity.
- Ongoing communication with appropriate bargaining units and staff.

Roles and Responsibilities

Senior Administration

- Communicate campus wide
- Endorse program design
- Set strategic compensation goals
- Set overall performance standards and job expectations
- Endorse salary structures
- Provide resources to maintain program when University resources are available

Managers and Supervisors

- Collaborate with Human Resources
- Work within established compensation guidelines
- Update job descriptions
- Understand needed skills, knowledge, experience, etc. for positions
- Set performance expectations for employees
- Conduct annual evaluations
- Communicate openly with staff

Human Resources

- Subject matter experts
- Design, develop, and maintain compensation program
- Provide strategic and operational advice/direction to leadership
- Provide tools and resources to managers
- Maintain market data
- Monitor effectiveness of program
- Communicate salary program
Establishing a Position

Use the position description to determine the correct placement of the position in the framework.

The Framework has three components:

- **Job Grouping/Family**: Based upon common roles, responsibilities, skills, and career progression
- **Job Level**: Reflects the organizational responsibility, accountability, and competency requirements of the position
- **Position Description**: Reflects primary responsibilities, level of problem solving and decision making, accountability, relationships with others and typical position requirements.

Job Title Guidelines

The HR assigned position title (e.g., Coordinator, Student Services) will be reflected in the position description/HRIS system used to determine compensation. A change in job or working title will not necessarily affect placement of the position in the Job Grouping/Family and Compensation Program structure, and may not result in compensation changes.

Job titles, or working titles, should reasonably reflect the nature of the work performed, be distinct enough to differentiate the job, and be consistent with other titles where similar work is done in the job grouping/family or across the unit.

A job or working title needs to represent the work as a whole. Titles that do not accurately describe the core of the position may cause misrepresentation if expectations based on the title do not accurately reflect the real authority or autonomy of the position.

If a working title does not comport with the alignment of the position, Human Resources will partner with the Manager to find an appropriate job or working title for the position.

Setting Starting Salaries

Setting a starting salary involves a review of a job’s responsibilities, qualifications, and competencies as well as the skills and experience of the incumbent by the Department and Human Resources. The salary range associated with the job’s grouping (family) and level placement will be used as the guideline, taking into account the level of competence and demonstrated performance required for the position. Process steps include:

- **Identify the job’s grade and associated salary range**: Existing jobs will have been assigned to a grade. If this is a new job, Human Resources will collect and review market data to determine the appropriate salary grade. If market data is unavailable, the grade will be determined through the internal leveling process.
- **Review skills, education and experience of the individual**: Once the salary grade has been determined, HR will provide the hiring range. Once an individual is selected
for the position, the individual pay (placement in the range) will be set collaboratively by Human Resources and the manager within this range, based on the incumbent’s skills, knowledge, education and experience. Less skilled incumbents will be paid lower in the grade; more skilled and experienced incumbents will be paid higher in the grade (for more information, see “Managing Pay within a Grade.”)

- **Review internal equity:** Before a salary is finalized, Human Resources will conduct a review of salaries of current employees in similar jobs to ensure internal equity. Human Resources will consider skills, knowledge, experience, and performance in this review.

**Pay for Scarce / Unusual Skills**

From time to time, the University may require specific skills that are relatively scarce. Such skills may command a premium in the market. The nature of these situations and the magnitude of the premium required to be competitive cannot be easily predicted. To determine an appropriate salary, HR will collect market data from sources such as CUPA-HR and Milliman.

Often “special skills” initially command premium pay, but over time, they become part of job expectations for many positions and the labor pool becomes more broadly skilled, diminishing the need for continuation of premium pay. For example, many of the “special IT skills” of the 1990s are now common for information technology positions. Special skills can be reflected in a salary that is in a higher quadrant in the salary grade.

**Managing Pay within a Grade**

The grades of the new salary structure are wide enough to provide appropriate pay for employees with a variety of skills, knowledge, experience, and performance levels. The following model may be used by departments as a guide for typical employee pay within a grade or range. Factors for progression within the salary range may be based on external market, internal equity, individual performance and skill.
Many factors should be considered when making an individual salary decision. The chart below illustrates how these criteria can be used to determine the amount of increase for a job change or promotion:

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Assessment of Employee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Degree of increase in responsibilities</td>
<td>Moderate ← ← Significant</td>
</tr>
<tr>
<td>Performance compared to expectation</td>
<td>Effective ← ← Exceptional</td>
</tr>
<tr>
<td>Current salary relative to pay range of new grade</td>
<td>High ← ← Low</td>
</tr>
<tr>
<td>Current salary relative to new peers (with similar skills, knowledge, competencies, and experience)</td>
<td>High ← ← Low</td>
</tr>
<tr>
<td>Criticality of role/skills to PSU</td>
<td>Moderate ← ← Significant</td>
</tr>
<tr>
<td>Depth and breadth of skills and knowledge</td>
<td>Moderate ← ← High</td>
</tr>
</tbody>
</table>

PSU’s goal is to move employees closer to market median.
Changes to Job Content

Occasionally, there may be changes to jobs, some of which may warrant a salary action. It is hereby essential to distinguish between a change in the job content (reviewed below) and a change in employee’s skills, knowledge, or performance.

There are four types of changes:

a) Change in the job tools used to perform the job: Changing how the work is done or the tools does not normally warrant a salary adjustment (See “Changes in Tools or Processes for Current Job” for specific guidelines).

b) Additional responsibilities permanently added to the job: A salary adjustment for additional responsibilities assigned permanently should be calibrated to the magnitude of change (See “Expanded Responsibilities in a Job” for specific guidelines.)

c) Taking on additional duties on a temporary basis: Additional responsibilities that are assigned on a temporary basis should not be compensated by a permanent adjustment to salary (See “Temporary Assignments / Interim Appointments” for specific guidelines.)

d) Significant addition or change of responsibilities, changing the overall purpose and nature of the job: Some changes or additions may impact the job definition significantly enough to influence its market value or internal equity (See “Reclassification of a Job” for specific guidelines.)

Change in Tools or Processes for Current Job

A change in how work is done or the tools used (e.g., automating manual processes, switching to different software package) does not normally warrant a salary adjustment. While such a change may require training to learn new software or methods, it does not usually change the purpose or overall accountabilities of the job. If the introduction of new tools and/or software materially changes the job’s responsibilities, see “Reclassification of a Job” for guidelines.

Expanded Responsibilities in a Current Job

Additional responsibilities may be added to a job without changing the core responsibilities of the job. Even though this typically does not result in a salary grade change, PSU wants to reward taking on additional responsibilities whenever it is appropriate. Human Resources and the manager of the respective department will collaborate to determine the appropriate increase, with the approval of the respective Vice President and/or President.

Consider the following basic compensation principals for making adjustments:

- 3-6% for permanent additional functions, depending on the complexity of the new function, similarity to the current function, and the magnitude of change as a result of the additional responsibilities.
Above 6% for additional “level” of authority, such as taking on a lead role in a function.

Below is a guideline for supervisors to consider if they would like to change pay in consideration of expanded duties and with approval from HR. Salaries should not be increased outside of the range associated with the identified position profile. Salary changes of 20% or more require President’s approval.

<table>
<thead>
<tr>
<th>Minimum or No Difference</th>
<th>Slightly Noticeable Difference</th>
<th>Moderately Noticeable Difference</th>
<th>Significantly Noticeable Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>A change in how work is done or the tools used (e.g., automating manual processes, switching to different software package)</td>
<td>Additional competencies or skills are required to successfully perform the work (e.g., courses or training series, but not necessarily leading to a degree or certificate)</td>
<td>Completion of specialized certification or licensure related to position responsibilities required</td>
<td>Completion of an advanced degree (Masters or higher); or extensive training course (e.g., FBI Academy or SHRM)</td>
</tr>
<tr>
<td>May require training to learn new software or methods, but it does not change the purpose or overall accountabilities of the job</td>
<td>Additional supervision of employees performing similar work in the same unit</td>
<td>Draw on greater amount of professional experience that requires increased complexity of problems encountered in the course of work</td>
<td>Responsibility for compliance and implementation of new State and/or Federal Regulations</td>
</tr>
<tr>
<td>Work remains in the same unit, with little or no changes to authority or budget controls</td>
<td>Slight addition to decision making responsibility, with increased consequence of error and risk</td>
<td>Increase in breadth of responsibility (e.g., from Unit to University wide)</td>
<td>Additional supervision or oversight of another unit</td>
</tr>
<tr>
<td>Additional steps or tasks that are similar to current responsibilities</td>
<td>Broader scope of communication, perhaps outside of unit</td>
<td>Expanded budget authority or resources</td>
<td>Significant increase of spending authority or discretion, or additional funding sources</td>
</tr>
<tr>
<td>Same types of decisions made, with the same consequence of errors</td>
<td>No additional risk</td>
<td>Additional supervision of employees performing different work, or in a different unit</td>
<td>Increased responsibility to set policy for unit, department, or university</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Increased autonomy and results to higher levels</td>
<td>Authority to grant exceptions to policy</td>
</tr>
</tbody>
</table>

Temporary Assignments / Interim Appointments

Occasionally, staff employees at PSU may need to temporarily take on additional or different responsibilities. In some circumstances additional compensation may be warranted.

- Temporary assignment must be a significant, clearly defined addition of responsibilities to the normal workload.

Temporary assignments can vary greatly and should mostly be considered on a case by case basis; length of time should be at least 30 consecutive days. Managers will submit written request to appropriate Vice President, presenting:

- Reason for assignment / appointment
- Expected duration
- Resources required
- Method for evaluating successful performance
• Criteria for selecting the employee
• Proposed compensation for the individual taking on the Temporary Assignment / Interim Appointment.

Vice President will review request with Human Resources to determine appropriateness of request. Increases should consider:
• Responsibilities of temporary role
• Employee’s skills, knowledge, and performance
• Employee’s pay history

Compensation will be in the form of cash payments.

Reclassification of a Job
During the course of normal operations, changes in roles and responsibilities may make it necessary to update an employee’s position description. Since the market value of job responsibilities is the basis for grade assignments, significant changes in a job’s responsibilities may warrant a review of the job and its market value.

The following are examples of situations that may warrant a job evaluation:
• Department reorganization / job restructuring
• Addition of full-time staff reporting to the job
• Addition of new areas of responsibility
• Substantial change in level of authority and accountability

A job would not be re-graded for small changes in the responsibilities, earning a degree, etc.
Reclassification steps include:
• Notify the appropriate manager for review when changes are determined
• Review changes to ensure reasonable and equitable distribution of workloads and assignment of duties
• If changes are substantial, review to see if job belongs in a different job grouping (family) and/or level and submit a revised position description to Human Resources for review and approval if warranted
• Once job has been reclassified, refer to the “Managing Pay within a Grade” guidelines

Transfer, Promotion, and Demotions
Transfer / promotion to a job in the same pay grade
Not all career advancement opportunities are a promotion. Some employees may choose to take a different job in the same salary grade. Lateral transfers most often do not result in a pay increase. Considerations for increases include the degree of differences in job responsibilities and whether additional training is needed. Salary adjustments
(recommended by the Manager to Human Resources) generally would range from 3-8% (see below) depending on individual circumstances, including:

- New job roles and responsibilities
- An employee’s knowledge, skill, experience, and performance
- An employee’s pay history
- Internal equity

<table>
<thead>
<tr>
<th>New Responsibilities</th>
<th>Potential Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>• New responsibilities are closely related to current responsibilities</td>
<td>1-3%</td>
</tr>
<tr>
<td>• New responsibilities are somewhat more complex than current responsibilities, requiring some training</td>
<td>3-6%</td>
</tr>
<tr>
<td>• New responsibilities are significantly more complex or very different than current responsibilities requiring considerable training</td>
<td>Above 6%</td>
</tr>
</tbody>
</table>

Promotion to a job in a higher grade

A promotion involves an employee taking a job in a higher grade. Being promoted involves taking on greater responsibilities in a job that is assigned to a higher salary grade. Such a move typically warrants an increase in base salary to recognize these additional responsibilities and to ensure that the incumbent’s pay is consistent with market and internally for the new job. Only exception is when employee’s current salary is very high in the grade for his/her current job.

Human Resources and the manager will collaborate to develop an appropriate salary within the new salary grade, based on the employee’s knowledge, skill, experience, and performance, taking into account several factors similar to the individual salary decisions in the “Managing Pay within a Grade” section:

- Degree of increase in responsibilities
- Performance compared to expectations
- Current salary relative to pay range of new grade
- Current salary relative to new peers (with similar skills, knowledge, competencies, and experience)
- Criticality of role / skills to PSU
- Depth and breadth of skills and knowledge

The salary resulting from this increase should then be compared to the quartile definitions for the new grade to ensure that the employee’s contributions and capabilities for the new job are reflected by the new salary.
Demotion to a job in a lower grade
Demotions can be voluntary or involuntary. When an employee elects to take a job in a lower salary grade, the salary should be reduced to reflect the responsibilities, qualifications and competencies required of the new job. When an employee is reassigned, their salary may be reduced accordingly.

Decreases should consider:
- The difference between the grade of the current job and the new job, and then applying the differential
- An employee’s knowledge, skill, experience, and performance
- An employee’s pay history
- Internal equity

Salary Increases and Adjustments
The incorporation of a compensation structure provides a framework and tool to help manage salary increases and adjustments.

Salary Increases Based on Performance
Annual salary increases will depend on University budget. Any approved increases will be based on performance and the salary increase budget determined each year by the University leadership. The increase pool will be determined by considering market trends, University financial resources, and overall University strategy and goal achievement.

Equity and Market Adjustments
Periodically, it may be necessary and appropriate to adjust salaries to:
- Establish and maintain internal equity,
- Recognize significant market changes.

Equity adjustments refer to adjustments made to ensure an individual employee’s salary appropriately reflects his/her skills, knowledge, experience, and performance. Equity adjustments may be made at the same time as the annual increase but should be clearly communicated as such to the employee to avoid confusion. Market adjustments refer to adjustments made to recognize changes in the competitive market salary for a job. They are therefore unlikely to occur often as the salary structure is based on market analysis and is updated regularly to ensure continued competitiveness. Unusual market circumstances may warrant an adjustment.

Off-Cycle Salary Increases
Off-cycle salary increases are performance-based discretionary increases that can occur at any time during the year outside the normal increase cycle. If Manager wishes to recommend an off-cycle increase, he/she must discuss this and submit a Special Salary
Increase form to HR to seek approval and to determine if the increase is justified, compatible with the market, and consistent with the University’s pay guidelines.

**Employees below the Minimum or Above the Maximum**

It is the desire of the University to pay all employees within the range associated with their job’s salary grade so that no one is paid below the minimum or above the maximum. Employees who are below the minimum of the range should have their salaries raised so that they are paid within the range. On rare occasions individual exceptions may exist. Employees who are above the maximum of the range will have their base salaries frozen (red circled) and will not be eligible for increases until the range catches up with them. On rare occasions increases may be considered for extenuating circumstances. An employee’s knowledge, skill, experience, and performance. A one-time lump sum payment that will not go into employee’s base salary eg. Stipend or cash award.

**Maintaining the Compensation Program**

Human Resources is responsible for maintaining a current and competitive salary structure consistent with the University’s compensation philosophy. HR is responsible for reviewing the salary grades annually, by collecting and analyzing market data for comparable jobs with the respective comparison markets. The structure will be reviewed on an annual basis by considering market trends inside and outside higher education. A revised salary structure will be prepared and implemented whenever appropriate, and as authorized by University leadership.