



Compensation Administration Guidelines

Developed with the adoption of general program guidelines provided by the West Virginia Higher Education Policy Commission and Council for Community and Technical College Education Division of Human Resources

Compensation Management Program
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Compensation Philosophy

The West Liberty University compensation program for staff employment is designed to attract, retain, and motivate a talented and committed workforce to support the University's mission, vision, goals and culture. Competitive pay is an element in attracting, retaining, motivating and rewarding the type of employees needed to fulfill the mission of the University. The goal of the University is to pay competitive salaries by using systems clearly communicated to employees and readily administered by managers.

Program Components and Design

The purpose of these guidelines is to ensure consistency in salary administration and alignment with the design of the program. While it is the University's intention to maintain these guidelines to ensure stability in our policies and practices, the University reserves the right to modify them at any time. Employees will be informed in a timely manner when policies or practices change.

Compensation Planning

- The University has adopted a process of compensation planning which incorporates information on performance, equity and impact where appropriate.

Performance information is derived from the University's performance management program (annual performance appraisal) on which employees and management have been trained. The University shall use the performance management program for purposes of establishing merit (pay for performance) for staff when applicable and as budget permits.

The Chief Human Resources Officer will evaluate internal equity patterns at least every three years for most [positions](#). However, for market or internally sensitive positions, more frequent review may be conducted. The WVHEPC Division of Human Resources will review external equity of the salary structure every other year.

The concept of *impact* allows the President or designee to prioritize resources to colleges, departments, teams, or individuals with the greatest effect or potential effect on achievement of institutional goals and excellence.

- The compensation planning process is guided by the compensation philosophy, principles of budget planning and focused on furthering excellence and creating an environment of opportunity and fairness.
- The compensation planning process provides reasonably equivalent opportunities and outcomes for all departments whether large or small.
- The University utilizes hire date for pro rata salary budget increases for staff hired or promoted within the fiscal year.

- The purpose of the salary increase distribution process is to achieve an optimal distribution of salaries in a meritorious and equitable manner. The University, at the discretion of the President and approval of the Board of Governors, may provide percentage increases for cost of living or across the board up to 3% without deference to performance. The performance management program will be used to distribute dollars above 3% based on performance or below 3% at the discretion of the President.
- Increases are **NOT** appropriate in the following instances:
 - When an individual's performance is inadequate, meaning instances of deficiency, have been documented and communicated to the individual throughout the performance cycle. At-will staff should not construe performance criteria outlined in this section to alter at-will employment.
 - Situations in which current salary substantially exceeds market, or exceeds salaries of other individuals within the University with similar duties, levels of performance, and experience/qualifications.

Nondiscrimination Policy

The University is committed to a policy of equal opportunity in every aspect of our operations. We value diversity and seek talented employees from a variety of backgrounds. Accordingly, and in compliance with federal guidelines enforced by the Equal Employment Opportunity Commission (EEOC), it is unlawful to knowingly or unknowingly discriminate in pay or application of employment practices.

Salary decisions must be made without regard to race, color, religion, sex, national origin, age or disability. In addition, the University does not discriminate on the basis of sexual orientation, gender expression, gender identity, military or veteran status or any other status protected by law in matters pertaining to employment and compensation.

Questions or concerns regarding the system's equal employment opportunity (EEO) policies and programs should be directed to the Chief Human Resources Officer, the designated AA/EEO Officer.

The purpose of these guidelines is to ensure consistency in salary administration and alignment with the design of the program. While the University intends to administer pay in accordance with these guidelines to ensure stability in policies and practices, the right is reserved to modify any of the guidelines described in this document without prior notice. Nothing contained in these guidelines constitutes a contract or guarantee of employment.

Program Roles and Responsibilities

West Virginia Higher Education Policy Commission - Division of Human Resources

- Endorses and applies the compensation philosophy to program design and management
- Conducts reviews and validation of all program components to ensure alignment with system objectives
- Reviews and approves any substantive program modifications
- Communicates openly, regularly, and clearly with all constituents on compensation philosophy and policies
- Monitors pay practices and provides expert support to promote fairness and equity across both systems
- Maintains and updates the program on an ongoing basis
- Provides expert guidance for institutional professionals to establish consistent implementation and administration of compensation guidelines

University Human Resources Office

- Serves as subject matter experts to establish consistent implementation and administration of compensation guidelines at the institution
- Provides appropriate salary and range recommendations to institutional administrators and managers
- Communicates and promotes understanding of the compensation program to help maintain compliance by staff and administrators
- Maintains accurate and current position descriptions based on input from [incumbents](#) and supervisors
- Monitors pay practices for fairness and institutional equity
- Participates in review of system components and provides relevant feedback to the Division of Human Resources
- Manages institutional processes for hiring and compensation, performance management, and promotional opportunities

Supervisors

- Collaborate with the HR department to administer consistent and appropriate pay practices and salary recommendations for employees
- Understand job responsibilities, requirements of [jobs](#), and the knowledge, experience and performance levels of staff in their area of responsibility
- Work with staff to keep position descriptions accurate and current
- Implement human resource programs at the department level
- Set performance expectations and ensure measurements are SMART as outlined in the performance management program
- Ensure employees understand and participate in the goal setting and evaluation process
- Provide feedback, and evaluate performance fairly and rigorously in compliance with the University's performance management program
- Assign training opportunities as necessary based on available resources

Staff

- Understand job assignments and expectations for performance
- Update credentials and provide documentation of such to the University's Human Resources office
- Participate in regular review and update of position descriptions as needed or on a scheduled basis
- Attend training as assigned

Program Overview

The Commission, Council and associated colleges and universities of West Virginia are complex organizations of varying sizes and structures. Each institution contains a wide variety of jobs and competes for labor in a variety of markets. The West Virginia Higher Education Policy Commission Division of Human Resources collects and analyzes market data from these markets including Workforce West Virginia, other public higher education institutions, not-for-profit organizations and other local employers. The WVHEPC Division of Human Resources uses carefully selected credible salary surveys conducted by reputable survey organizations to ensure the compensation system is built on current, relevant and reliable data.

In compliance with best practices and West Virginia legislative requirements, the WVHEPC Division of Human Resources will monitor the [labor market](#) and recommend adjustments to the [pay structure](#), as appropriate, to ensure it continues to reflect competitive pay. The University has adopted this pay structure for staff. As an independent institution, the University may deviate from the pay structure at a future date as it sees fit and in accordance with State law and by providing appropriate notification to the WVHEPC and its Chancellor.

The pay ranges associated with the grades are wide enough to accommodate a variety of experience and performance levels, from novice to expert. Additionally, pay range spreads are broad enough to manage pay during market shifts in any given year.

Jobs were assigned [pay grades](#) in the new salary structure based on job responsibilities and requirements, benchmark market data, as well as market median and position average salaries.

Future compensation decisions will be made after consideration of a number of factors including available budget, the employee's calculated [compa-ratio](#) or [range penetration](#), skills, competency and performance.

Moving forward, compensation is to be managed using best practice and in compliance with the guidelines herein unless altered. The historical practice of rewarding employees with a classification upgrade is no longer in effect. If the nature of work and responsibility of a job changes to the extent the position originally assigned to an employee becomes a different job, classification modification is appropriate. Rewarding employees for high performance, additional duties or individual employee criteria will be accomplished by managing pay within the grade.

The concept of managing pay within the grade is further detailed throughout this document.

Program Implementation

The first priority for compensation increases should be to fund salaries at the minimum of the pay grade. All WLU full-time and part-time staff positions have been funded at the minimum of the respective pay grade. The University has notified WVHEPC Division of Human Resources of its intent and fulfillment to be approved by the Commission.

Program Basics

The goal of the market based compensation program is to pay all employees within the pay range associated with his/her position pay grade. Once the market based compensation program is fully implemented, employees are to be paid no less than the minimum of the pay range.

Despite any differences in salaries that may occur, an employee is deemed equitably compensated in relation to other employees in the same pay grade if:

- his/her annual salary is at least the minimum salary in the pay grade to which the position held by the employee is assigned, or
- progress is being made as recommended by the funding implementation schedule approved by the Commission.

When an employee's salary exceeds the maximum of the pay range, the salary of the employee shall be frozen until the salary schedule is adjusted or the employee changes jobs. This situation is commonly referred to as having a salary that is "red-circled".

Master Classification Specifications

[Master classification specifications](#) are available for every classified title in use at the time of implementation. Master classification specifications serve as general descriptions of the collective type and kind of work performed by the majority of employees assigned to the same [job title](#).

Each master specification contains a job title, a general job summary, nature of work performed, a general description of typical duties and responsibilities performed by positions assigned the title, minimum job requirements, distinguishing characteristics of the job and any other typical position requirements common to the job regardless of the location of the position. Master class specifications were assigned pay grades based on market pricing as a benchmark position or via assignment to a grade by the professional consultant or the [Job Classification Committee](#). The University's 'non-classified' positions will be slotted into pay grades using a similar technique with or without master class specifications and with the support of certified classification and compensation professionals at the WVHEPC Division of Human Resources.

The master classification specifications do not contain information specific to the work of an individual employee assigned to a specific position. Specific position information will be found in the individual job description associated with each position at the University.

The University's position/job descriptions are to be maintained in the [JDXperts](#) system provided to institutions as a shared software service by the Commission and Council Division of Human Resources. The University is provided a user license and has access to all benefits of JDXperts. Master Classification Specifications are available to assist with development and maintenance of the University's position descriptions.

JDXperts will be the system of record for University's job information from which master class specifications are developed. JDXperts will enable the WVHEPC Division of Human Resources and the higher education job classification committee to maintain current master classification specifications using real time job description data from public higher education institutions across the State.

Master class specifications are used when designating benchmark jobs. [Benchmark jobs](#) are priced in the labor market. Market pricing for benchmark positions is the method used to update the salary schedule. As such, master class specifications serve an important role in the classification and compensation program. These specifications will be the primary consideration for assignment of positions to pay grades.

Establishing a Position

More detail about classifying a job can be found within the "Job Classification Plan."

The master classification specification is the starting point for development of a job description and assignment of a title to a position at the University. It is reasonable to presume that not all exempt and non-exempt staff positions will have an appropriate master classification. If the appropriate master classification exists, job titles are assigned to new positions by comparing the University's position job description to the jobs identified and described in the system's hierarchy framework found in JDXperts. If a master classification does not exist, the position will be slotted by comparison of like jobs that match duties, level of responsibility and minimum requirements.

The JDXperts framework has three components:

[Job Family](#) or Job Function: Based upon common roles, responsibilities, skills, and career progression

Job Level: Reflects the organizational responsibility, accountability, and competency requirements of the position job description

Master Class Specification/[Institution Job Description](#): Human resources will seek to compare position specific job descriptions to the master class specifications and determine which specification is the "best fit" for the duties, level of responsibility, and minimum requirements described in the University's position job description. The title of the specification that best matches the duties, level of responsibility and minimum qualifications of the position will become the official title of the job.

If an appropriate master classification specification is not found in the system, the University's human resources department should request assistance from the WVHEPC Division of Human Resources. The Director of Classification and Compensation at the Division of Human Resources, may assist with assignment to an existing master classification specification or make a recommendation to the Job Classification Committee for creation of a new master classification

specification and assignment to an appropriate pay grade. The University's HR department may also independently slot the job utilizing like jobs that match duties, level of responsibility and minimum requirements.

Working Titles

The use of functional working titles, beyond adding clarity or identifying the department served, should be avoided. However, the title should reasonably reflect the nature of the work performed, be distinct enough to differentiate the job and be consistent with other working titles where similar work is done in the job family or across the unit.

- A working title cannot be the same as an official job title for another position in the classification system.
- A working title cannot be the same as a title used in an official capacity of positions not covered by the classification and compensation program.
- A working title cannot depict responsibility or authority not assigned to the position (Example: Administrative Secretary, Senior shall not be assigned the working title of "Officer Manager." Program Coordinator shall not be assigned a working title of Assistant or Associate Director.)
- A working title may reflect a specific work function and/or location. (Example: *Trades Specialist: Electrical, WLU.*)
- Only the official title of the position will be used to determine compensation. Assignment or change in the informal working title will not affect placement of the position in the Classification and Compensation Program structure and will not affect compensation.

Starting Salaries

Process for Determining Starting Salaries:

The University has the flexibility to set the starting salaries for all newly hired employees within parameters of the pay range assigned to the position. The position title and pay grade may or may not be publicized on the position job announcement. The pay grade for the position will provide the salary range available for the starting salary. The University's goal based on its compensation philosophy with consideration for internal equity is to start new hires at minimum or below midpoint of a pay grade's salary range. The University reserves the right to change its compensation philosophy and market position thus impacting starting salaries based on a number of factors including but not limited to: budget, relative market competition, reason for turnover within a job family, job level or job, total benefits package, employee value proposition shift, mission and policy changes.

The University's Human Resources in consultation with the hiring manager and/or administrator, will set the candidate's placement in the range, after consideration of the available budget for the position, internal equity with similar positions, and the incumbent's qualifications, skills, knowledge and relative experience. The guidelines below will assist human resources with establishing an equitable competitive starting salary for new hires.

- **Hiring at Minimum in the Grade:** The University has the option to hire all new staff employees at minimum in the pay grade. However, hiring new employees above the minimum is appropriate in certain situations.

- **Starting Salaries in the First Quartile of Salary Range:** The first [quartile](#) of the pay range starts at minimum in the grade and extends one fourth of the way to the maximum in the pay grade. Starting salaries in the first quartile are appropriate when a job finalist meets minimum qualifications; has little or no direct related or prior experience beyond position minimums, or may be new to the field of the job. The candidate will require additional training and time in job to build knowledge and skills. It is also appropriate to align with the University's internal equity. Internal equity should be considered to ensure institutional departments or units are establishing new hire salaries consistently and equitably within the grade.
- **Starting Salaries in the Second Quartile require:** Before a starting salary is finalized, the University's Human Resources will conduct an [internal equity analysis](#). An internal equity analysis includes consideration of current salaries of other similarly situated employees in the same classification who have comparable responsibilities, skills, knowledge, and experience.

The final determination of a starting salary will also take into consideration other factors such as budget for the position, difficulty in filling the position as evidenced by the number of qualified applicants and job offers rejected, as well as specific needs for the position including but not limited to technical expertise.

- **Starting Salaries in the Third or Fourth Quartile of a Salary Range (Above Midpoint):** Since the University's overall compensation position relative to the salary structure is not well above the 25th percentile, starting salary offers for new employees above the second quartile should be a rare occurrence. However, the University has the discretion to hire new professional employees above midpoint based on business need or extraordinary circumstances to include consideration of the candidate and job. The third, quartile, and more specifically the fourth quartile, of the salary range represents compensation rates for new hires or existing employees with expert levels of knowledge, skill and performance among other key considerations. Based on the current compensation philosophy and budget realities, a fourth quartile starting salary is not realistic. Documentation for starting salaries in the third or fourth quartiles is explained below. The Chief Human Resources Officer and the President must approve starting salaries in the third or fourth quartile.

Documentation Required - Starting Salaries in the Third and Fourth Quartile of a Salary Range

Starting salaries in the third and fourth quartiles of the salary schedule require documentation of the internal equity analysis and a narrative report described below:

Letter of Justification: The hiring manager will compose a letter of justification addressing the following:

- Identify the vacant position, the finalist for the position and the requested starting salary
- How the finalist has been determined to meet expert level skills and experience, either by demonstrated capability at the institution or in previously held positions
- How the finalist demonstrates broad and deep knowledge of the position, as well as related areas, and would serve as an expert resource and/or mentor to others
- Discuss the depth and breadth of experience, specialized skills, or perspectives that would add significant value to the institution
- Submit the Letter of Justification to Human Resources

University Human Resources will review the request to ensure compliance with the compensation philosophy and guidelines. Assistance with the review is available through the WVHEPC Division of Human Resources, Director of Classification and Compensation office. The following information will be reviewed prior to final approval:

- The Letter of Justification from the hiring manager
- The Job Posting and Minimum Qualifications for the position
- The finalist's application materials
- The Internal Equity Review documentation
- Internal and external salary comparators based on identified benchmarks of the University

The Chief Human Resources Officer will review all materials and recommend approval or denial to the President. The University's President or designee will make final approval of salaries in the third and fourth quartile.

Documentation for approved starting salaries in the third and fourth quartile should be maintained by the University's Human Resources Department and retained for audits or reviews of HR operations.

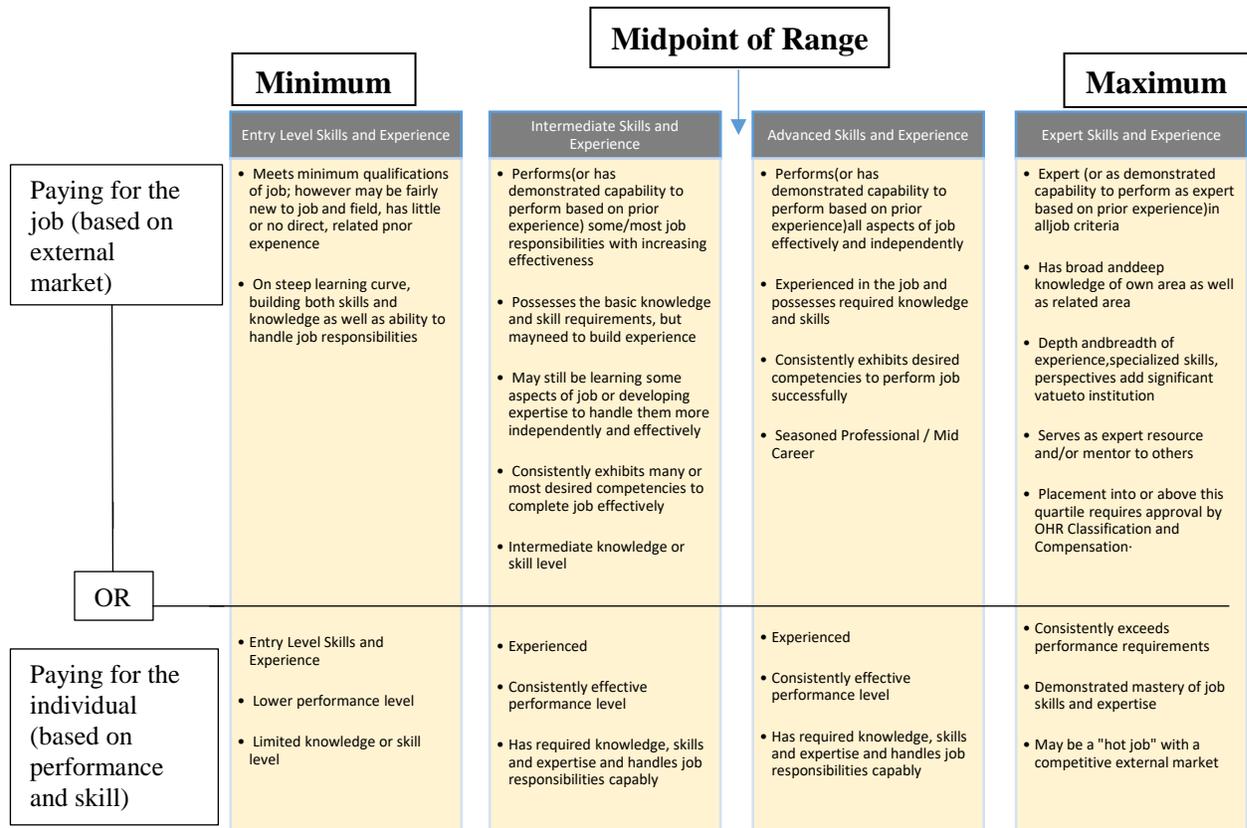
Managing Pay within a Grade

The grades of the new salary structure are sufficiently wide to provide appropriate pay for employees with varying skills, knowledge, experience, and performance levels. Factors for progression in the salary range may include external market, the University's compensation goals, recognition for meeting certain goals, and individual skill and/or performance ratings.

Salary increase determinations such as annual budgeted increases, equity pay increases, market based increases, and/or performance related salary increases can be accomplished by managing pay within the pay grade. It is important to understand that the classification of a job does not have to change in order to provide a salary increase. Managing pay within a grade is how an employee 'progresses' through a pay range.

For guidance on how skills and experience of an incumbent may be used to establish an individual salary, refer to Graphic "Managing Pay within a Grade" below.

Managing Pay within a Grade Tool



A note about employee “pay progression through the range”

Pay grades are not designed for an employee to start at the minimum and receive salary increases until base pay reaches the top of the range, simply because they hold a position. Employees progress through a pay range by learning their job, increasing their skill, accepting additional responsibility and performing well. The salary goal for a good, well-qualified performer in a market based pay structure should be around the midpoint of the salary range. Pay rates in the fourth quartile of a pay range are typically provided for excellent performers, experts in the field, critical operational positions, or highly valued, competitive positions.

Changes to Job Content

When job content changes enough to suspect the job is no longer appropriately positioned in the job hierarchy or the master classification specification alignment is no longer appropriate, a position review may be requested by the supervisor, manager or the incumbent of the position. Alternately, the human resources professional responsible for classification of jobs may review the position without receiving a request as described.

Changing how the work is done or the tools used to complete the job (e.g., automating manual processes, switching to a different software package) does not typically warrant a salary adjustment. However, if the introduction of new tools and/or software significantly changes the jobs responsibilities or requirements, a review of the classification of the position should be initiated.

While such a change may require training to learn new software programs or new methods or work rules, it does not usually change the purpose or overall accountabilities of the job.

See the 'Job Classification Plan' for more information on reviewing the classification of a position.

Additional Duties and Responsibilities Permanently Added to a Current Job

Additional duties and responsibilities added to a job may or may not change the position classification.

Additional duties of a similar nature added to a position do not typically result in a position reclassification. However, the University has the discretion to compensate employees for taking on and successfully performing additional duties.

To warrant a salary increase for additional duties that do not modify the classification of a position, the additional duties must:

- Be a permanent addition to the position
- Be similar in complexity and nature of work
- Be a formal specific, substantially noticeable addition to current work performed

A review of the position classification must take place when additional duties and responsibilities significantly affect the complexity, decision-making, or authority of a position. See the "Job Classification Guidelines" for more information on reviewing the classification of a position.

Process for Additional Duty Salary Increases (No Classification Change)

When no change in position classification is warranted, Human Resources will refer to the 'Salary Adjustment' section for assistance with determining an appropriate increase in salary. The University's Human Resources department will recommend increases.

Increase approval process for Additional Duties:

The department/unit manager will compose a request for salary increase addressing the following:

- Identify the position title, department and the incumbent

- Describe the change in duties and responsibilities and how these support the mission of the University
- Describe the incumbent's skills, experience and performance that justify the request for salary increase
- Submit the Letter of Justification to the Chief Human Resources Officer

Additional Duties due to Reorganization or Department Wide Requests for Salary Increases

When salary increases are due to a reorganization of a unit/department or are requested for an entire department/unit of the University, the administrator/department manager must include individual requests for salary increase for all affected employees. The request must be submitted as a package so Human Resources has a full understanding of the extent of the changes made to affected positions and the impact to the organization.

The University's Human Resources department shall conduct an internal equity review of salaries of similar positions across the institution, assigned to the same classifications, with similar duties and responsibilities to advise department managers regarding internal equity.

Increases above 5% for permanent additional duties and responsibilities added to current positions (not promotions or reclassifications) should be extremely rare and must be approved the President or designee. Additionally, the President must approve any salary increase resulting in a compensation level above midpoint of the pay range.

Temporary Assignments

Criteria:

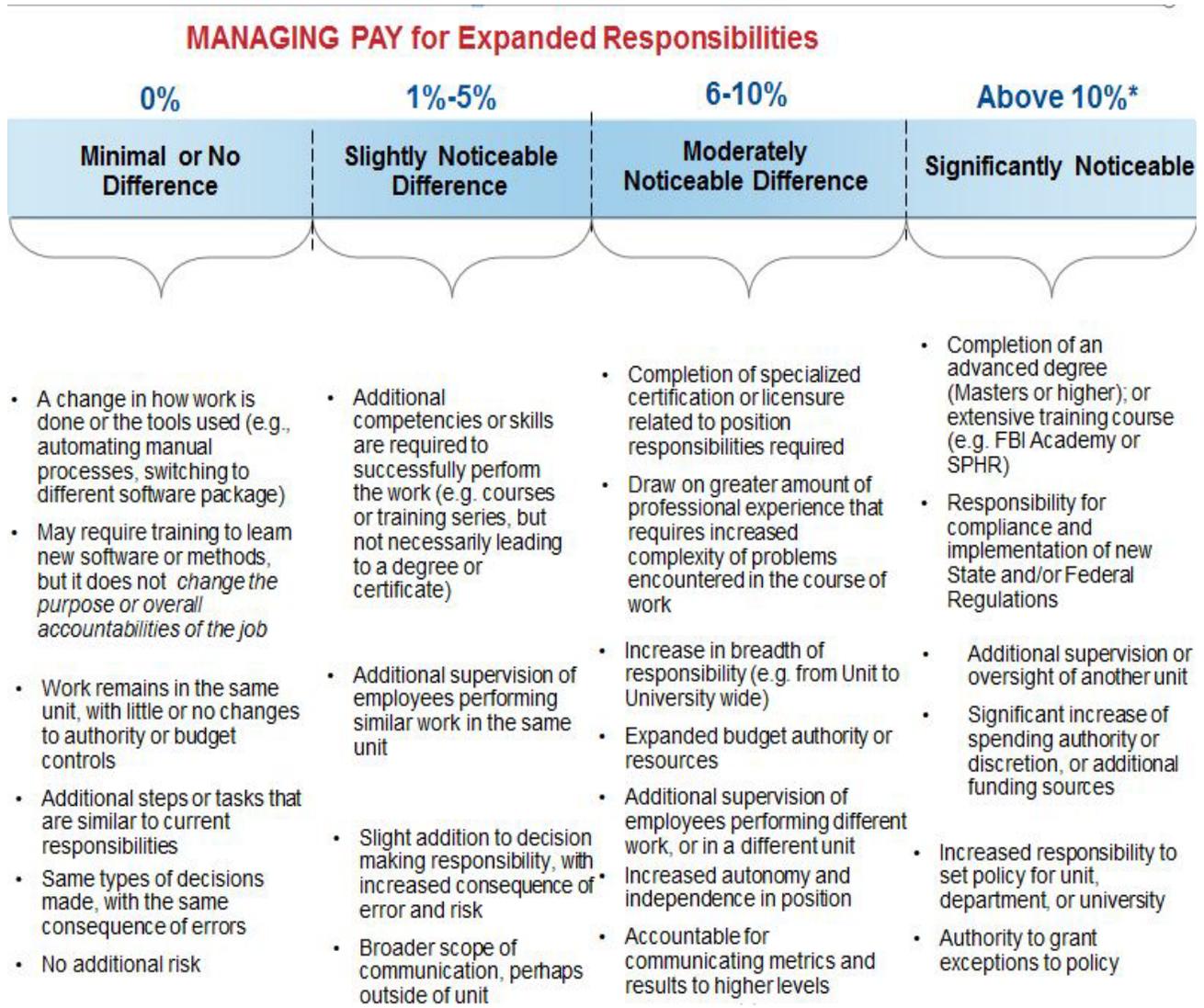
- When an employee is assigned additional or different responsibilities on a temporary basis, temporary compensation may be warranted and provided.
 - The temporary assignment must be a significant, clearly defined addition of responsibilities to the normal workload
- Temporary assignments can vary greatly and should be considered on a case by case basis; length of time in a temporary assignment should be at least 30 days and typically should not last more than 6 months.

Temporary Assignment Process:

- The department manager and/or administrator will submit the following information to the institutional Human Resources department for justification:
 - Identify the incumbent taking on the temporary assignment
 - Reason for assignment
 - Expected duration
 - Resources required
 - Criteria for selecting the chosen employee
 - Proposed compensation for the individual taking on the Temporary Assignment/ Interim Appointment
 - For temporary assignments with the intent to recruit, provide the search timeline

Salary Adjustment Guidance for Additional Duties:

Graphic 2: Managing Pay for Expanded Responsibilities



*Salaries should not be increased outside of the range associated with the identified position classification

Position Reclassification

Position reclassification may be warranted when a position evolves to a level that the work performed is no longer represented by the initial [job classification](#) and title assignment. Or, a position experiences significant changes in assigned duties, nature, scope, complexity or impact of decision-making. Situations such as these warrant a review that may result in reclassification of the position. Reclassification results in reassignment of the position to a different classification that more closely matches the duties, responsibilities, knowledge and scope associated with the new duties of the position. Performance of the incumbent or minor changes in the job do not warrant reclassification.

Criteria:

A position reclassification is appropriate when the change to assigned duties:

- does not result in a vacancy and the body of work of the current position will not be backfilled*; and
- the primary purpose of the position has changed significantly, and
- the unit/department reporting structure remains substantially the same

NOTE: Position reclassification should not be used to provide salary increases for existing employees when a vacancy occurs nor should position reclassification be used to avoid posting a vacant position. For example, when a vacancy occurs, the responsibility of the vacant position is reassigned to existing staff resulting in a reclassification for each. The lower level duties of remaining incumbents who were reclassified are then assigned to the “vacant” position with the intention of advertising a lower level job. When duties of a vacant position are assigned to existing department employees, the vacancy should be eliminated. If a department is reorganizing, the hiring manager and/or department administrator should provide the entire plan to HR to evaluate the effect on the department.

Position reclassification determinations are reviewed and approved on a case by case basis by the Human Resources department.

If the changes to a position reflects an upgrade, potential pay adjustments will be determined by the guidelines for promotion. If the changes result in a downgrade, pay actions will be determined by the guidelines for demotion.

Updates to vacant positions may also result in the Human Resources department reassigning the position to a different classification in the structure.

Position Reclassification Process:

The incumbent or supervisor completes a request for classification review and attaches an updated position job description, a current organizational chart showing the position’s department and all reporting relationships therein, and a justification letter explaining any additional information helpful for the review.

Additional information should include:

- Reason/circumstances for the change in position
- Will the current position be backfilled?

- Why the current incumbent is the best choice for the position. Are there any other employees in the unit/division with similar skills and abilities?

Promotion:

A promotion is the movement of an employee to a job in a higher pay grade that usually occurs through the competitive employee selection process. An employee may apply for any advertised position for which he/she qualifies. A promotion generally warrants a pay increase; the amount of the pay increase is determined by reviewing a number of important factors such as:

- The pay range associated with the new position
- The employee's current pay in relation to the new pay range
- The employee's qualifications for the new position
- Pay of other similarly situated employees

Promotional increases are also based on the incumbent's skills, knowledge and experience brought to the new position. The "Managing Pay within the Grade" tool will be referenced to assist with determining starting salaries for promotional increases.

Promoted employees are to be paid at least the minimum in the pay grade of the newly acquired position.

Demotion:

A demotion is movement to a job in a lower pay grade and can be both involuntary and voluntary. Demotions generally warrant a pay decrease, with the amount to be determined by the individual circumstances, taking into account the incumbent's current pay, the pay range associated with the new position in the lower grade, the knowledge, skills and performance of the incumbent, and pay of other similarly situated employees. Managers are required to consult the Human Resources Office when a potential demotion is being considered.

Lateral Transfer:

A lateral transfer is the movement from one job to another job that is in the same pay grade. The movement may be voluntary or involuntary. Generally, these types of transfers do not warrant a pay adjustment. However, if an employee possesses specific knowledge, skills, and abilities or any other attributes that will enable them to be an immediate asset in the new position, a salary increase within the range may be considered. Human Resources must be consulted when a lateral transfer including a pay increase is being considered.

Human Resources department must review internal equity as described earlier and recommend an appropriate salary increase. The "Managing Pay within a Grade" tool is helpful in making this determination.

Salary Increases and Adjustments

Annual Salary Increase:

Salary increases intended to achieve minimum salary schedule funding or the University's targeted compensation market position may be given annually.

An objective of this program is to reward employees for their contributions through performance-based salary increases that go beyond adjustments for cost of living. As such, for years in which performance-based salary increases are awarded, the University has developed guidelines for administration of performance-based rewards.

A merit matrix, also known as a two-factored table, will help the University equitably allocate raises for staff. The two factors used in a merit matrix are performance and position in range. Performance ratings are plotted along the vertical side of the matrix and the range penetration by quartile along the horizontal side. The matrix below is an **example only** but reflects the University's philosophy for performance-based salary increases utilizing the performance management program (performance appraisal) rating scale and an incumbent's range penetration for his/her respective pay grade.

Position In Range				
Rating	1st Quartile	2nd Quartile	3rd Quartile	4th Quartile
4	3.00%	2.75%	2.50%	2.00%
3	2.50%	2.25%	2.00%	1.75%
2	2.00%	1.75%	1.50%	1.25%
1	0	0	0	0

How It Works:

1. HR examines the potential performance ratings for each rating type based on historical patterns/trends for staff at the University. Note: It is critical for supervisors to complete performance appraisals in a timely matter as set forth by deadlines established by HR. This will ensure prompt distribution of new monies in a fair manner.
2. HR will calculate the mean (average) performance rating.
3. HR will collaborate with the President and VP of Finance and Administration to establish a budget and use the mean rating as a guide for appropriate cell distribution. Percentages are added to every cell in the matrix thereafter. Employees rated as 'Development Needed' are not eligible for an increase unless the President approves an exception.
4. The cost will be determined and compared to the budget, then redistributed and calculated for all cells in the matrix until the budget is satisfied.
5. Last, finalization of the matrix and distribution of new monies through communication to staff via annual salary notification letters.

Other Salary Increases:

At times, it may be necessary to adjust pay outside the annual increase process. Off-cycle salary increases are discretionary increases that can occur any time during the year outside the normal

increase cycle. A supervisor who wishes to give an employee an off-cycle increase must obtain approval from their Dean, Vice President or other Administrative Unit Head and the President. The University's Human Resources department must be consulted in order to determine if the increase is justified, internally equitable, compatible with the market, and consistent with the salary administration guidelines and budget eligible.

Market Adjustments:

Refers to a pay adjustment made to recognize compensation changes in the labor market for a specific job or jobs. Market adjustments are unlikely to occur often because the pay structure is based on market analysis and is updated regularly to ensure competitiveness. Occasionally, unusual market forces may warrant a market adjustment.

Market adjustment may also include pay adjustments based on a special market study.

Critical Retention Adjustments:

A critical retention adjustment refers to a salary adjustment intended to retain an employee who occupies an essential or critical position and may be subject to competitive offer(s).

Critical retention adjustments may be made to retain employees in jobs for which the University is experiencing high turnover rates, or for essential or critical positions.

Critical retention adjustments are typically for one-of-a-kind jobs and/or jobs that have known difficulty with recruitment for vacancies. However, employees who work on projects deemed critical to the success of the University, or who have specific knowledge and abilities in jobs or disciplines deemed critical to the University may also qualify for critical retention adjustments.

Internal Equity Adjustments:

An employee is considered to be equitably compensated in comparison to other employees as long as they are paid within the range of their assigned [job class](#)/pay grade and since the University has fully funded the initial implementation of the staff salary structure.

Internal equity adjustment refers to a compensation adjustment made to make an employee's pay equitable when compared with that of other employees who have comparable education and comparable work experience, and who hold similar positions in the same classification. The purpose of internal equity adjustments is to facilitate equitable pay among similarly situated employees. Internal equity adjustments may be made to correct salary [compression](#) in the pay range.

Internal equity adjustments are not intended to ensure employees in the same job classification receive exactly the same salary. Rates of compensation may differ between employees in the same job classification or grade, although both have comparable duties and responsibilities.

Recognition Pay:

Recognition pay may be provided when the University wishes to reward an employee for enhancing job-related skills and competencies, after demonstrating those enhanced skills through accomplishments and performance.

The employee nominated for a recognition pay increase must have demonstrated the acquisition of competencies, formal training, education, certification or licensure is related to the essential function of the position, serves to meet a recognized critical need of the department, is beyond the minimum requirements for the job classification held, and is critical to the ongoing operations of the University.

The employee's skills and competencies gained should be compared to the "Managing Pay within the Grade" guidelines to determine the appropriate placement of his/her pay in the grade, with consideration for internal equity relative to the skills and competencies for others in similar positions. Earning a degree typically does not warrant a pay increase unless the employee has developed skills and competencies that enable him/her to perform the responsibilities of their job in a noticeably more effective manner, and the degree earned is directly related to the position currently held by the employee, or serves to further the goals of the unit.

Counter Offer:

The University does not counter offer employees who have been offered other job opportunities external to the University.

Performance Adjustments or Merit Pay:

The University's pay for performance or merit pay program ensures the program aligns with the University's goals and objectives. Departmental goals and objectives should be in alignment with the University's mission and vision.

A pay for performance system is most effective when employees value the pay or recognition offered by the organization in return for high performance; understand what is required of them; believe that they can achieve the desired level of performance; and believe that the organization will actually recognize and reward that performance. These conditions can only be achieved if the following requirements are met:

- A culture that supports pay for performance
- Effective and fair supervisors
- A rigorous performance evaluation system
- Adequate funding
- A system of checks and balances to ensure fairness
- Appropriate training for supervisors and employees; and
- Ongoing system evaluation

Maintaining the Compensation Program

Updating the Salary Schedule

The WVHEPC Division of Human Resources' Classification and Compensation department is responsible for maintaining a current and competitive salary structure.

The Compensation Planning and Review Committee and the WVHEPC Division of Human Resources are responsible for conducting biannual reviews of labor markets for benchmark jobs and recommending necessary changes in the salary schedule.

The Commission and Council or designees, must approve final modifications of the Salary Schedule.

Definitions

Base Salary: The amount or a rate of compensation for a specified position of employment or activity excluding annual experience increment and any other payments or allowances for work or activity unrelated to that specified position of employment.

Benchmark Job: A job that has a clear and consistent definition in the relevant labor market, for which reliable market data could be collected. It is used to make pay comparisons to comparable jobs outside the organization.

Compa-Ratio: A measure to assess competitiveness of current salary level to the market (midpoint of the salary structure). Compa-ratio is the short form for Comparative ratio. It measures the ratio of an employee's actual salary (the numerator) to the midpoint of the applicable (the denominator) salary range. To calculate an individual's compa-ratio, divide the base salary by the midpoint of the assigned salary range (pay grade range). See also “range penetration”.

Compensation Philosophy: The guiding principles that ensure that a compensation program supports an organization’s culture.

Compression is most commonly thought of as when a new person enters into the organization at or above the pay of someone who is currently in the same role in the organization. It can also exist when you have two jobs in the same job family with someone in the “lower” job earning more than the person in the “higher” job. There are some families in which this may make sense such as software development where a senior developer may appropriately earn more in base than a manager of the function. Pay compression is also a situation that occurs when there is only a small difference in pay between employees regardless of their skills or experience. Pay compression can be the result of the market rate for a given job outpacing the increases historically given by the organization by high tenure employees.

Incumbent: An incumbent is an individual person in a position employed at the College.

Internal Equity Analysis: A comparative analysis of compensation levels within an organization to determine if a level of compensation is equitable when compared to compensation of other employees who hold similarly situated positions in the same job classification or pay grade who have the same or similar levels of knowledge, skill, experience and performance.

JDXperts: Web-based job information and description management system provided as a shared service to institutions of the Commission and Council. JDXperts is the official depository of the College’s staff job information used for job analysis, job description development, master classification specification development and identification of benchmark jobs. Benchmark jobs are used to build and maintain the market based salary structure administered by institutions as part of the classification and compensation program.

Job: The total collection of tasks, duties and responsibilities assigned to individuals holding positions whose work is of the same or similar nature and level.

Job Classification: A formal process used to evaluate jobs, assign titles and pay grades.

Job Classification Committee: The statewide higher education committee responsible for maintaining accuracy and consistency of the classification system.

Job Class / Pay Grade: The level to which a job is assigned within a salary structure.

Job Description (used interchangeably with position description): A summary of the essential functions of a job at the University, including the general nature of the work performed, a characteristic listing of duties and responsibilities, and the knowledge, skills and abilities necessary to perform the work.

Job Family: A series of job titles in an occupational area or group.

Job Title – The label that uniquely identifies and generally describes a job. The same descriptive job title shall be given to a group of jobs, regardless of the location in the University, which are substantially the same in duties and responsibilities, and which require substantially the same knowledge, skills and abilities performed under similar working conditions.

Labor market: The labor market for compensation is the geographic area, industry, organization size, or organization type from which an organization attracts employees. Market value refers to how much a particular job would be worth for a specific talent market (industry, size, location, organization type) at a specific or target percentile.

Master Classification Specification: General descriptions of the collective type and kind of work performed by the majority of employees assigned the same job title. Each master specification will contain a job title, nature of work performed, distinguishing characteristics of the job, and a general description of typical duties and responsibilities performed by positions assigned the title, regardless of the location of the position.

Mid-Point: See “Range Midpoint”

Pay Grade: See “Job Class/Pay Grade”

Pay Range Quartile: The four divisions of a pay range. The point between the second and third quartile is the midpoint of the pay range.

Pay Range or **Pay Range Spread:** Pay range is an expression of the pay for a position assigned to a pay grade in a salary structure that provides the minimum, midpoint and maximum levels of compensation. The range from minimum to maximum, expressed as a percentage, is the pay range spread. The range spread percentage is calculated by subtracting the minimum from the maximum and dividing by the minimum then multiplying by 100.

Pay Structure: See “Salary Structure”

Position: A set of duties and responsibilities requiring employment of a single employee at a particular organization.

Range Midpoint: Midpoint is the middle of a pay range; the midpoint typically aligns to the market value for the job.

Range Penetration/Position in Range: An important compensation metric to look at in conjunction with a compa-ratio. Rather than just being a comparison to one piece of data (the midpoint), range penetration looks at a salary in relation to the whole pay range. Range Penetration is how far an

employee has progressed through the pay range. Once organizations decide how they value their jobs, based on the market data inputs, individuals are appropriately differentiated along the range by skills, education, performance, etc.

Calculating Range Penetration:

The salary range penetration formula is as follows:

Range penetration = (Salary – Range Minimum) ÷ (Range Maximum - Range Minimum)

Range penetration is useful in talking with employees about where they stand in their range and how much more room there is for pay progression.

A key difference here is that range penetration has nothing to do with the salary midpoint. Range penetration is useful if portions of the range are set as target levels for certain categories of employees, i.e. if new hires are to start be in the first quartile of a range.

Focusing too heavily on one or the other of these two metrics can lead to misunderstanding or misperceptions regarding a valuation of oneself “to midpoint” or to “full range progression.”

Salary Structure/ Pay Structure/Salary Schedule: A graphical structure consisting of a series of pay grades and range of pay available for each grade.