

TO: Deans, Directors, and Department Heads
FROM: George H. Davis, Executive Vice President and Provost
Saundra L. Taylor, Senior Vice President, Campus Life
DATE: February 27, 2006
SUBJECT: General Adjustment and Merit/Market/Equity Salary Increases

Governor Napolitano signed into law H.B. 2661, which provides salary increases for state employees. Upon approval by the Arizona Board of Regents, the University will distribute the salary package through three programs. While the legislatively-defined effective date is Saturday, March 11, 2006, the University of Arizona effective date for these adjustments will be Monday, March 13, 2006.

- One component of the legislation authorizes a General Adjustment salary increase of \$1,650 prorated by FTE.
- The second component, the Merit/Market/Equity salary increase, will be presented to the Arizona Board of Regents on March 9 and 10, 2006 for formal authorization.
- The University is also taking this opportunity to continue the practice of improving our compensation standards across campus. Thus, in addition to the state mandated components above, the University will be re-grading many Classified Staff job titles concurrent with the General Adjustment.

The Guidelines for the general adjustment, the merit/market/equity salary increase, and the re-grading are included in the following four sections of this memo, beginning with the shared guidelines. Timelines, which consist of implementation dates, are included in each section.

SHARED GUIDELINES FOR ALL MARCH 2006 SALARY INCREASES

It is University practice to compensate all individuals with similar assignments consistently regardless of the source of position funding. Only in unusual circumstances when funding is unavailable will an increase be deferred until funding becomes available. Principal investigators funding positions through grants/contracts and managers of positions funded by auxiliary/sales and service accounts will immediately ascertain the capacity to fund the adjustment. Department administrators must take action to identify positions for which there is temporarily insufficient funding.

The following guidelines will apply in preparing the salary distributions:

- Adjustment monies may not be held in reserve for future use except for those individuals on leave without pay or on temporary/special assignments.
- Adjustment monies may not be used to offset funding currently supporting the salary of an existing employee (e.g. replacing local funding with state funds).
- Adjustment monies will not be applied to vacant lines.
- No funds allocated to any one of the employee groups (Administrators, Faculty, non-faculty Appointed Personnel, Graduate Assistants/Associates, and Classified Staff) may be used to enhance the salaries of employees outside that employee group. Requests for exceptions must be approved by the President, the Executive Vice President, or the Senior Vice Presidents as appropriate.
- Eligible employees who are on a *paid* leave of absence on March 13, 2006, will receive the increase on March 13, 2006. Paid leaves of absence include sabbaticals and approved family medical leave.
- Eligible employees who are on an *unpaid* leave of absence on March 13, 2006, will receive the increase upon return to paid status.

Contact Persons

| Category | Area | Name | Phone | Email Address |
|--|----------------------|-----------------|----------|--|
| Faculty | Provost's Office | Nancy Milburn | 621-3876 | milburn@email.arizona.edu |
| Classified Staff and non-faculty Appointed Personnel | Human Resources | Christy Drake | 626-1038 | drakec@email.arizona.edu |
| | AHSC Human Resources | Cathy Nicholson | 626-4650 | maryn@email.arizona.edu |
| Budget Items | Budget Office | Kathy Whisman | 621-3324 | kwhisman@email.arizona.edu |
| Verification Worksheets | Systems Control | Priscilla Cantu | 621-7722 | pcantu@email.arizona.edu |

SECTION I. GENERAL ADJUSTMENT SALARY INCREASES

Eligibility

Benefits eligible Administrators, Faculty, non-faculty Appointed Personnel, and Classified Staff on the payroll as of March 10, 2006 are eligible for the \$1,650 General Adjustment prorated by FTE. Employees in positions with temporary funding who are benefits eligible (Faculty, including Adjuncts; and non-faculty Appointed Personnel, and Classified Staff, including those funded by the wage budget) will receive the General Adjustment prorated by FTE. Graduate Assistants/Associates will also receive the General Adjustment, prorated by FTE. Campus units will receive both temporary and permanent state and locally allocated funding to support increases for individuals paid by these funds.

The following are not included in this process: College of Medicine Clinical Assistants; College of Medicine Clinical Faculty; Student employee groups A, B and C; High School Student titles; Extra Help titles; Technical Experts; Summer Session titles; and vacant lines.

Allocation Information/Guidelines

- Verification Worksheets will be available on the Financial Services Office (FSO) Information Services Web (ISW) **February 27, 2006**. Each unit will receive up to six worksheets.
 - Salary lines for state and locally allocated funds; (for verification only)
 - Wage lines for state and locally allocated funds; (for verification only)
 - Graduate Asst/Assoc lines for state and locally allocated funds;(for verification only)
 - Salary lines for all other funding sources;
 - Wage lines for all other funding sources; and
 - Graduate Asst/Assoc lines for all other funding sources.
- The \$1,650 salary adjustment prorated by FTE, including 17% marginal ERE, will be distributed for employees funded by state and locally budgeted allocated accounts.
- Individuals funded through other sources, including grants/contracts and auxiliary/sales and service accounts, will receive the General Adjustment unless there is insufficient funding. Unit administrators will take immediate action to assure that eligible employees receive equivalent General Adjustments as soon as funding is available from the respective source(s), which should be no later than **March 12, 2007**. Unit administrators are responsible for monitoring deferred increases accordingly. Deferred General Adjustment increases may not be implemented retroactively.
- For Classified Staff employees, the University waives the restriction on exceeding the pay range maximum.
- General Adjustment increases may not be supplemented regardless of the funding source.

March 13, 2006 General Adjustment Implementation Timeline

| | |
|---|-------------------|
| Verification Sheets available for departmental access at the FSO Information Services Web (ISW): https://www.fso.arizona.edu/isw/default.asp | February 27, 2006 |
| General Adjustment Increase effective | March 13, 2006 |
| Last day for departments to return to Systems Control Verification Worksheets that identify individuals/positions for which there is temporarily insufficient grant/contract or auxiliary funding | March 15, 2006 |
| General Adjustment Increase populated and reflected in PSOS | March 21, 2006 |
| Last day for departments to return permanent budget changes to Systems Control for individuals on 1) leave without pay, or 2) temporary/special assignments. | March 27, 2006 |
| First paycheck with new pay rates. (This is the payday for the pay period March 13, 2006 through March 26, 2006.) | March 31, 2006 |

SECTION II. MERIT/MARKET/EQUITY SALARY INCREASES

University leadership has consulted widely with the Academic Council, Appointed Professional Advisory Council, the Compensation and Benefits Workgroup of the Finance Committee, the Faculty Senate, Human Resources, the Staff Advisory Committee, and the Strategic Planning and Budget Advisory Committee to design a flexible program aligned with the University’s compensation plan. The proposal has been built on the University’s Compensation Philosophy.

“Within the boundaries of financial feasibility, employee compensation shall be externally competitive and internally equitable, and shall be based upon performance as recognized within the work unit.”

This Merit/Market/Equity proposal will be submitted to the Arizona Board of Regents at the March 9 and 10, 2006 Board meeting. The University's allocation will be used to award meritorious performance, and to the extent feasible, address external market competitiveness and internal salary inequities.

Merit Salary Increases recognize employees who have consistently performed their duties and responsibilities at a meritorious level.

Market Salary Increases are singular in nature and are based on an evaluation of an individual's salary relative to external salary market conditions and retention risk.

Equity Salary Increases are singular in nature based on an evaluation of an individual's job responsibilities in comparison to other similarly situated jobs in the organization.

Eligibility

Benefits eligible Administrators, Faculty, non-faculty Appointed Personnel, and Classified Staff on the payroll as of September 15, 2005, are eligible for consideration of a salary increase based on any combination of Merit/Market/Equity. The Graduate College will develop a market/equity program for Graduate Assistants/Associates. To be considered for a Merit increase, eligible employees must have a completed performance appraisal conducted between March 13, 2005 and April 15, 2006 indicating the employee's performance is 'satisfactory', 'meets expectations', or an equivalent rating.

The following are not included in this process: College of Medicine Clinical Assistants; Student employee groups A, B and C; High School Student titles; Extra Help titles; Technical Experts; Summer Session titles; and vacant lines.

Allocation Information/Guidelines

- Allocations for employees funded by state and locally budgeted allocated accounts will be made to the President, Executive Vice President and Senior Vice Presidents.
- Individuals funded through other sources, including grants/contracts and auxiliary/sales and service accounts, may receive a Merit/Market/Equity increase as soon as there is sufficient funding. Deferred increases may not be implemented retroactively.
- Merit/Market/Equity increases awarded to employees funded by state and locally allocated accounts will be retroactive to March 13, 2006.
- Merit/Market/Equity increases may be supplemented by the department, and if so, the 17% marginal ERE must also be funded by the department unless the increase is pulled from a state or locally allocated funded personal services budget line.
- Merit/Market/Equity increases must be made to current base salary and there will be no lump sum/bonus payments.

The President, Executive Vice President, and Senior Vice Presidents will make allocations to colleges and vice presidential divisions. Deans and Vice Presidents, through communication with department heads and directors and in the context of shared governance, will determine the individual adjustments. The decision of the Dean/Vice President is final, pending review by the President, Executive Vice President, or Senior Vice Presidents. An individual may appeal to the Dean/Vice President on the process only in accordance with the applicable policy and criteria relating to merit increases.

Units reporting to the Executive Vice President must submit detailed distribution plans that include the criteria used for developing the proposals, how shared governance has been incorporated into the distribution process, and a list containing the following details: employee name, employee title, department, increase amount, and whether the increase is based on meritorious performance, external salary market competitiveness, or internal salary inequities. Also to be included is an analysis of the percentage of employees receiving adjustments as well as the high and low amounts provided to individuals in each employee group.

2006 Merit/Market/Equity Salary Increase Program Implementation Timeline

| | |
|---|----------------|
| Worksheets available for departmental access at the FSO Information Services Web (ISW): https://www.fso.arizona.edu/isw/default.asp | April 3, 2006 |
| Vice Presidents/Deans/Directors submit detailed distribution plans to President, Executive Vice President, or Senior Vice Presidents | April 7, 2006 |
| Last day for Executive Vice President to notify Deans and Vice Presidents of approval or changes required to adjustment plans | April 11, 2006 |
| Last day for departments to return completed adjustment Worksheets to Systems Control | April 19, 2006 |
| Last day for departments to return permanent budget changes to Systems Control for individuals on 1) leave without pay, or 2) temporary/special assignments. General Adjustment Increase populated and reflected in PSOS. | May 1, 2006 |
| First paycheck with new pay rates retroactive to 3/13/06. (This is the payday for the pay period April 24, 2006 through May 7, 2006.) | May 12, 2006 |

SECTION III. RE-GRADING CLASSIFIED STAFF JOB TITLES

In an effort to increase the market competitiveness of our Classified Staff Salary System, the University will re-grade 187 Classified Staff titles concurrent with the \$1,650 General Adjustment Salary Increase on March 13, 2006. Approximately 75 employees will require additional salary increases to bring salaries to the minimum of the new pay grade. \$32,500 will be allocated centrally to fund these additional salary increases for employees in positions funded by state and locally budgeted allocated accounts. Classified Staff Re-grading project materials, including the list of re-graded job titles, are located on the Human Resources web site at <http://www.hr.arizona.edu/>.

Allocation Information/Guidelines

- Deans and Vice Presidents will receive reports directly from Human Resources for use and immediate distribution to department heads.
- Departments with re-graded positions funded by grants/contracts or auxiliary/sales and service accounts with insufficient funds currently available to support the increase may defer the increase until no later than **March 12, 2007**. Deferred increases must be documented on the departmental reports and submitted to Systems Control. Unit administrators are responsible for monitoring deferred increases accordingly. Deferred increases may not be implemented retroactively.
- The new pay grades must be used for all employment actions beginning March 13, 2006 including employees who begin work on March 13. The pay grades and ranges for active CareerTrack job postings will be automatically adjusted by Human Resources. Employment Advisors will review all active postings with a posted rate of pay below the new pay grade minimum and consult with the appropriate departments.
- Employees in re-graded positions on **assignment to special duty** on March 13, 2006 whose pay rate falls below the minimum of the new pay grade must receive an increase to the new pay grade minimum. Upon returning to the original position at the end of an assignment to special duty, the employee must be paid no less than the minimum of that position's pay grade.

Department heads are encouraged to contact their Dean/Vice President for customized processing directions and to notify employees in re-graded positions about salary changes prior to the March 31, 2006 payday.

March 13, 2006 Classified Staff Re-Grading Implementation Timeline

| | |
|--|-------------------|
| Human Resources distributes College/Departmental reports | February 27, 2006 |
| Last day for departments to submit PAF's, PCF's, and RBC's to Systems Control for Classified Staff Re-Grading Salary Increases to the new grade minimum | March 8, 2006 |
| Classified Staff Re-Grading effective | March 13, 2006 |
| Last day for departments to return to Systems Control the reports that identify individuals/positions for which there is temporarily insufficient grant/contract/auxiliary funding | March 15, 2006 |
| Classified Staff Re-Grading Increase populated and reflected in PSOS | March 21, 2006 |
| Last day for departments to return permanent budget changes to Systems Control for individuals on 1) leave without pay, or 2) temporary/special assignments. | March 27, 2006 |
| First paycheck with new pay rates. (This is the payday for the pay period March 13, 2006 through March 26, 2006.) | March 31, 2006 |

Contact Persons for Re-grading Classified Staff Job Titles

| Area | Name | Phone | Email Address |
|-------------|-----------------|----------|--|
| Main Campus | Christy Drake | 626-1038 | drakec@email.arizona.edu |
| AHSC | Cathy Nicholson | 626-4650 | maryn@email.arizona.edu |