

## **1. PURPOSE**

This PS provides a general framework for establishing and maintaining a fair, equitable, competitive, and flexible salary administration program for the University of Houston-Downtown (UHD) staff.

## **2. DEFINITIONS**

- 2.1 **Staff:** An employee employed on a regular basis for a period of at least four and one-half months, excluding students employed in positions that require student status as a condition for employment and those holding a teaching and/or research position classified as faculty. For the purposes of this policy, the term employee(s) is used to define all staff.
- 2.2 **Job Descriptions:** All staff covered by the staff compensation program shall have a generic job description that includes the official UHD job title, job code, a general job summary, a list of major duties and responsibilities, and job requirements. The job description is used to evaluate and classify jobs to determine appropriate internal position relationships and to provide job information that can be used to determine competitive pay relationships in the labor market.
- 2.3 **Job Evaluation Process:** A process that determines the relative value of jobs based on internal position relationships and external, market-based data, in order to provide fair and competitive compensation. This process may result in reassignment of the job to a higher or lower pay grade as a result of significant changes in duties, responsibilities, job requirements and/or market value.
- 2.4 **Staff Salary Structure:** A framework that helps ensure parity with other employers by establishing a series of pay ranges. Jobs are classified by pay grade, each grade having a respective pay range with a defined salary minimum, midpoint, and maximum.
- 2.5 **Pay Range:** The range of pay rates, from minimum to maximum, established for a pay grade or class. Typically used to set individual employee pay rates.
- 2.6 **Quartiles:** The four equal parts of the pay range. Typically, an employee's pay position in the pay range is related to factors such as performance and years of service.
- 2.7 **Hiring Range:** The range of compensation new hires are allowed to receive. This should fall between the minimum and midpoint of the respective pay grade. The hiring

rate chosen from the range must be commensurate with the new employee's level of education, skill/knowledge, experience, and/or competency.

- 2.8 Internal Equity Hiring: A guideline designed to maintain internal equity by not allowing a new employee's hiring salary to be more than an incumbent's within the same job in the same department
- 2.9 Promotion: The movement of an employee from one pay grade to a higher pay grade within the same pay grade structure. If moving to a different pay grade structure (i.e., from staff pay structure to IT pay structure), the move will be considered a promotion when the new grade has a higher midpoint
- 2.10 Demotion: A change in duty assignment from a job in one classification to a job in another classification in a lower pay grade. Such a demotion may involve a decrease in compensation.
- 2.11 Lateral Transfer: The movement of an employee to a position with the same pay grade. If moving to a different pay grade structure (i.e., from staff pay structure to IT pay structure), the move will be considered a lateral transfer when the new grade has a comparable midpoint.
- 2.12 Fair Labor Standards Act (FLSA): A federal law governing minimum wage, overtime pay, child labor and recordkeeping requirements.
- 2.13 Non-Exempt Employees: Employees who are paid hourly, in accordance with FLSA standards.
- 2.14 Exempt Employee: An employee in a position that is not subject to the overtime provisions of the Fair Labor Standards Act (FLSA). Exempt employees include professionals, administrators, and executives, who are paid on a monthly basis.
- 2.15 Career Ladder: The progression of jobs in specific occupational fields ranked from highest to lowest based on level of responsibility and pay.

### **3. POLICY**

- 3.1 UHD has established and maintains a salary administration program, which is structured to be externally competitive, internally equitable and fairly administered. In order to provide fair and competitive compensation, UHD utilizes a competitive approach by analyzing market salary data from within and outside the university environment, as available.
- 3.2 UHD has established and maintains salary ranges for all positions that fairly reflect the value of each position, relative to all other positions at UHD.

- 3.3 External competitiveness of UHD salaries for jobs is determined by comparing its pay rates and practices with local, regional, and national market survey data reflecting salaries paid to positions by other comparable employers. Factors such as recruiting locale, availability of relevant market data, and market demand for position typically determine source of market data.
- 3.4 Within the University's staff salary structure, there are several pay grade structures, which incorporate minimum, midpoint and maximum salary levels. The pay grade structure defines the salary range by pay grade for specific job groups, such as Information Technology (IT), Police, and other staff (non-IT and non-Police).
- 3.4.1 The minimum represents the lowest rate of pay for a job within its grade. It is the rate that normally would be paid to a UHD staff who is new to the position, and who meets the minimum requirements for the position. It represents the typical marketplace "entry" rate. All employees must be paid at least at the pay grade minimum.
- 3.4.2 In most cases, the first quartile is considered the range of value for a newly hired employee who meets the minimum qualifications of the job. Thus, most new employees should be hired within the first quartile of the range, but hiring managers have full authority to hire or promote into jobs at rates up to midpoint.
- 3.4.3 The midpoint represents the middle of a given salary range or pay grade. It is typically the competitive "going rate" in the marketplace for a fully qualified employee. Employees who have extensive work experience, are highly competent professionally, and may have a significant number of years of experience are generally paid between the midpoint and the maximum of the pay range.
- 3.4.4 The maximum is the highest level of pay for a job within its grade. An employee at or above the maximum of his/her pay grade will be "red-lined" until such time that the maximum of their pay grade is adjusted upward and the pay grade structure reflects such change. Employees may not receive any salary increases resulting in a rate of pay above the maximum. The only exception to this rule is a state-mandated adjustment, unless approved by the University President.
- 3.5 In order to maintain internal equity, hiring managers must adhere to the internal equity hiring guideline by not allowing a new employee's salary to be more than an incumbent's within the same job in the same department. An exception may be made when a candidate's knowledge and experience in the job-related field, and/or education, exceeds the incumbent's.

- 3.6 UHD's Career Ladder Program assists employees and managers in the development of individualized career plans and goals.
  - 3.6.1 The Career Ladder Program will be used to improve staff retention, recognize high performance, and aid in the development of training programs aimed at addressing competency gaps in UHD's succession efforts.
  - 3.6.2 Job descriptions, which are key instruments in the Career Ladder Program, contain education, experience, skills and competencies needed to advance to a higher level job on the career ladder.
  - 3.6.3 Employment Services and Operations (ESO) is responsible for administering the Career Ladder Program in compliance with compensation rules and regulations.
  - 3.6.4 The Career Ladder Program does not guarantee job promotions, reclassifications, or salary adjustments. All changes are based on an established need for a change in the specific position, job analysis conducted by ESO, and management approval. In addition, the funding source for any salary adjustments must be identified and available prior to approval of any Career Ladder Program job change. Employees must meet certain criteria, including the minimum position requirements, to be eligible for a career ladder job change.

#### **4. PROCEDURES**

- 4.1 All staff employed by UHD shall be assigned to a position which corresponds directly to the established pay grade structure. The pay grade structure consists of pay ranges (salary levels) that represent the value of groups of jobs. Midpoints of the pay ranges represent UHD's desired competitive position to the external market and are determined by statistical calculation based on external salary survey data for benchmark jobs in each pay grade. UHD uses the Staff Salary Structure, the IT Salary Structure and the Police Salary Structure to establish compensation limits for jobs.
  - 4.1.1 The Career Ladder Program organizes UHD staff jobs into several job families and job sub-families creating a series of job levels where the nature of work is similar. The job levels are determined by the job grades assigned during the job evaluation process. Administrative procedures for the Career Ladder Program are contained in a detailed [Career Ladder Guide](#).
  - 4.1.2 The Career Ladder Guide provides detailed information related to the UHD Career Ladder Program and how it relates to the Staff Compensation Program at UHD. Included in the Career Ladder Guide are definitions related to career ladders, employee eligibility requirements, and administrative requirements for submitting a job change request through the Career Ladder Program.

- 4.2 UHD shall conduct competitive market analysis, as needed, to benchmark a representative sample of jobs in an effort to follow UHD's desired proximity to external market rates. Time in position shall be reviewed and tenure salary adjustments addressed as needed. Both actions are dependent upon availability of funds.
- 4.3 UHD shall conduct a pay grade structure review every five years. Recommended changes to the pay grade structures will be submitted to the University President for approval.
- 4.4 UHD adheres to the following guidelines when administering the staff compensation program:
  - 4.4.1 New Hire Rate. All individuals who are new UHD employees and whose knowledge, skills, abilities, and experience meet the minimum requirements of the job should be hired at the minimum of the salary grade for the position being filled. However, an employee may be hired at a higher starting salary based on years of directly related and documented work experience, not to exceed the midpoint for the respective position, provided the salary doesn't exceed that of an incumbent in the same job within the same department.
    - a. Any exception for hiring a new employee above an incumbent in the same position within the same department must be approved by ESO. The hiring manager must submit a memorandum to ESO's compensation unit outlining how the candidate's knowledge and experience in the job-related field, and/or education exceeds the incumbent's.
    - b. Any exception for hiring a new employee above the midpoint must be approved by ESO and the University President. The primary determinant for any exception should be based on a combination of the following:
      - 1) Demonstrated and documented need to fill a job
      - 2) The sense of urgency to fill such a job
      - 3) The unavailability of qualified individuals with the required level of skills, knowledge, experience and competence
      - 4) The documented competitive market pay required to attract and retain a person under these exceptional circumstances
      - 5) The impact on internal equity based on current incumbent(s) with equivalent level of skills, knowledge, experience and competence
    - c. To request a hire rate above midpoint, the hiring manager must prepare a memorandum requesting the exception, stating the rationale/justification

taking into account the aforementioned determinants above (4.4.1.b). The memorandum must be presented to the Vice President for Employment Services and Operations (VPESO) for review and submission to the President. After reviewing the request, the VPESO will present the request to the UHD President for a decision.

- 4.4.2 Below Minimum of Range. All staff shall be paid within the pay range of an assigned grade; no staff shall be paid below the minimum of their respective job grades prescribed by the respective pay grade structure.
- 4.4.3 Maximum or Above Maximum of Range. Any staff at or above the maximum of their respective pay grade shall receive no merit or across the board increases, except for state-mandated raises, unless approved by the University President.
- 4.5 Rehiring. Former UHD staff rehired within one year into the same job shall be given their old rate of pay. In no case should the new salary of a rehired employee be above their former salary unless there has been incremental change to the current salary schedule, or the rehired employee has acquired new licensing, certification(s), knowledge, and/or education that provide a value-added to the position; and under no circumstances should the new salary exceed the maximum of the grade.
  - 4.5.1 Former staff rehired after one year's absence or rehired into a different position shall be treated as new employees, i.e., paid up to the midpoint of the range for the position for which they are being hired, dependent upon their level of education, skill/knowledge, experience, and/or competency.
- 4.6 Reclassification. When a job is reclassified to a higher pay grade because a re-evaluation indicates the major duties and responsibilities have increased significantly, the job's title and/or pay grade may change. If a salary increase is in order, the resulting salary shall fall between the minimum and midpoint of the new grade, and may not exceed the salary of an incumbent in the same position within the same department, unless an exception is granted in accordance with section 4.4.1a.
  - 4.6.1 With rare exceptions, personnel actions such as reclassifications and promotions will not be permitted in July and August, while the institutional budget for the upcoming academic year is finalized.
- 4.7 Promotion. To be considered for a promotion, the employee must meet the minimum qualifications for the new position. Any UHD employee promoted to a new position at a higher grade may receive a pay increase not to exceed 20% of their current base pay. The resulting salary must fall between the minimum and midpoint of the new grade, and may not exceed the salary of an incumbent in the same position within the same department. In isolated situations, if an individual's base pay is at a higher level than rates paid to incumbents, or above maximum of the new grade, an individual may be

granted a promotion with no change in pay. All promotions must be approved in advance by ESO.

4.8 Employees shall successfully complete the probationary period for their respective position, i.e., six (6) months for non-exempt or twelve (12) months for exempt employees, prior to becoming eligible for a reclassification/promotion.

4.9 Demotion. A demotion shall result in a reduction in the employee's base pay when:

4.9.1 An administrative action is taken against the employee for poor performance in the current position.

4.9.2 A job is evaluated as a result of management initiative and reassigned to a lower job classification and pay grade.

4.9.3 Disciplinary action is taken against the employee for misconduct.

Any UHD employee demoted to a new position at lower grade shall receive a pay reduction not to exceed 20% of their current base pay. Employees demoted for misconduct will not be subject to the 20 percent maximum reduction in salary. All demotions must be approved in advance by ESO.

4.10 Lateral Transfer. Normally, there is no change in the employee's salary when a lateral transfer occurs. Hiring managers who believe circumstances warrant additional compensation above that which is outlined may seek review and approval for an exception to the policy from the VPESO.

4.10.1 When an employee's position is reclassified to a lower grade because a re-evaluation indicates reduced duties (e.g., due to a program cutback) a salary adjustment may occur to ensure compliance with UHD's compensation plan. In these circumstances, if the current employee's pay is above the new maximum, the employee's pay will be "red-lined" and all increases, with the exception of state-mandated increases, will be withheld until the compensation level is less than the new maximum.

4.11 Interim Job Appointment. Exempt employees appointed to the acting capacity of a supervisor or other management position for a temporary period, normally less than 180 days, may be given a salary adjustment for that period. The adjustment for the interim job appointment may not exceed 20% of the salary of the appointee, as recommended by the hiring manager and approved by ESO's Compensation unit. This adjustment is subject to available financial resources. Non-exempt positions may be eligible for interim appointments on a case-by-case basis, as approved by the ESO's Compensation unit.

4.12 Merit Adjustments. Merit increases may be awarded at the beginning of the fiscal year or midyear and must be within budget guidelines and based upon assessment of each employee's performance in accordance with University.

4.12.1 When merit adjustments are funded and authorized, ESO will prepare and distribute detailed guidelines to division heads. The guidelines will include the authorized merit increase budget, performance level required to be eligible to receive a merit adjustment, and other program criteria.

4.12.2 In order for an employee to receive a merit increase, a current staff performance appraisal must be on file in ESO. To qualify, the performance appraisal must have been completed on the official university form within the time frame designated in the guidelines and must meet the eligibility criteria designated for merit increase participation.

4.12.3 Employees who do not complete the annual mandatory training by the published deadline will not have met their job expectation and will, therefore, not be eligible for merit increases.

4.12.4 Proposed merit increases will be reviewed, approved, and submitted in accordance with the detailed guidelines distributed by ESO at the time of the authorized merit increase. Merit increases require the approval of the Board of Regents prior to implementation.

## **5. EXHIBITS**

There are no exhibits associated with this policy.

## **6. REVIEW PROCESS**

Responsible Party (Reviewer): Vice President for Employment Services and Operations

Review: Every three years on or before January 1.

Signed original on file in Employment Services and Operations.

## **7. POLICY HISTORY**

Issue #1: 08/01/96

Issue #2: 09/04/08

Issue #3: 03/25/15

Issue #4: 05/10/18

## **8. REFERENCES**



[UH System Administrative Memorandum 02.B.01](#)  
[UH System Administrative Memorandum 02.B.04](#)  
[UH System Administrative Memorandum 02.B.06](#)  
[UHD Staff Pay Grade Structure](#)  
[UHD IT Pay Grade Structure](#)  
[UHD Police Pay Grade Structure](#)  
[UHD Administrative Pay Grade Structure](#)  
[Career Ladder Guide](#)