OP 70.14: Compensation Policy

DATE: June 4, 2018

PURPOSE: The purpose of the Operating Policy/Procedure (OP) is to establish policy and procedures regulating the administration of salaries for university employees.

REVIEW: This OP will be reviewed in June of even-numbered years by the Assistant Vice President for Human Resources with recommendations for revisions forwarded through administrative channels to the Vice President for Administration & Finance and Chief Financial Officer, the Provost and Senior Vice President, and the President.

POLICY/PROCEDURE

1. Texas Tech University’s Compensation Philosophy

In pursuance of attracting and retaining a highly qualified and diverse workforce and to fill openings at all levels, it is Texas Tech University’s (“TTU” or “university”) philosophy to maintain consistent and competitive salary ranges based on the university’s goals, priorities, and financial position. TTU seeks to recognize and reward its employees for their talent, skills, and performance. TTU is committed to maintaining a work environment free of discrimination and encourages all employees to strive to reach their full potential.

The following statements express TTU’s objectives with respect to base pay of all employees. TTU recognizes not all these objectives may be completely achieved at all times for employees, but they are set forth herein to serve as guides for which proposed actions are to be administered and evaluated as outlined in the compensation policy.

a. Compensation Objectives

(1) It is the university’s objective to establish and maintain a compensation system that will:

- Attract and retain qualified personnel at all levels of responsibility;
- Recognize and reward individual ability and performance;
- Reflect the complexity and responsibility of jobs;
- Be externally competitive, internally consistent, and fair;
- Obtain the optimum degree of employee performance, morale, and loyalty through consistent compensation administration;
- Control direct and indirect personnel costs;
- Foster good employee understanding and relationships by providing individual employees with information on the pay structure and its administration;
• Be flexible and simple to administer; and
• Provide uniform methods of establishing and applying salary rates, and to facilitate the employment, classification, and promotion of employees.

(2) The compensation policy is to:

• Establish wage and salary ranges that reflect the value of the various jobs, as determined by a formal system of continuous job evaluation and review, taking into account the duties and level of responsibility of each job;
• Establish and maintain justifiable differentials between job levels;
• Adjust pay ranges when warranted by changing economic and competitive factors, as determined by periodic surveys;
• Encourage superior performance by adjusting the salary rate of each employee on the basis of the quality of individual performance, as determined by a systematic program of performance evaluation;
• Ensure that consistent and equitable compensation practices are maintained across TTU;
• Ensure that supervisory employees are responsible for integrating TTU’s commitment to Affirmative Action and Equal Employment Opportunity in recruitment, promotion, and compensation evaluation actions;
• Ensure compensation is not influenced by race, color, religion, sex, sexual orientation, gender identity, age, national origin, disability, genetic information, status as a protected veteran, or any other legally protected class, category, or characteristic; and
• Comply with applicable laws and regulations and established policies and procedures.

2. Texas Tech University Pay Plan Structure

Every Texas Tech University position is subject to applicable federal and state laws and regulations, in addition to university policies and procedures. The university’s pay plan is divided into two categories: Classified and Non-Classified.

a. Classified Pay Plan

Texas Tech University’s Classified Pay Plan is administered by Human Resources. Each classified position has a standardized specification with a position code, position class title, position summary, minimum qualifications, exemption status, job category, pay grade, and pay range with set minimum, mid, and maximum salary rates. Essential job duties and preferred qualifications are determined by the employing college or department.

b. Non-Classified Pay Plan

Texas Tech University’s Non-Classified Pay Plan is administered by Human Resources. Non-Classified positions are often one of a kind, used by a small number of employees, or faculty-related and allow flexibility to address the university’s unique job market when determining compensation. Non-Classified positions are often widely recruited for and require a specific degree and/or specialized training. Non-Classified positions have standardized specifications with a position code, position class title, minimum qualifications, exemption status, and job
category. Essential job duties are determined by the employing college or department.

3. **Authority to Set Compensation**

Authority to set the compensation paid to employees resides with the Board of Regents as outlined in Chapter 07 Fiscal Management of the Regents’ Rules. This authority is exercised through policies which regulate salaries and wages and through review and adoption of the annual operating budget. In conjunction with approval of the itemized budget during the normal budget cycle, the Board of Regents has delegated authority to approve all faculty and staff salary increases to the President. All increases requested outside the normal budget approval process will require approval of the President or his designee in areas as specified in this operating policy.

a. **Presidential Approval**

The President delegates the authority to approve adjustments to salary and compensation in accordance with **OP 10.02, Delegation of Authority by the President**. Approval by the President is required prior to the effective date for adjustments to an employee’s total salary rate, not required by law, when such adjustment is 10% or more per annum and the per annum, accumulative for the fiscal year. This does not apply to:

1. **Bona fide promotions** – An employee moving from one previously existing position to another, in a higher pay grade, not as a result of a reclassification, pay grade adjustment, or other action related to any specific change to the position an employee currently holds.

2. **Supplemental compensation payments** as provided by law, (i.e., FLSA ruling, EEO settlements, etc.);

3. **Adjustments to an employee's salary rate or wage rate** that result in a per annum increase of an amount less than or equal to $2,000.

For the purposes of this policy, "total salary rate" shall mean the full-time monthly salary x 12 x FTE for monthly paid employees. For hourly paid employees, “total salary rate” shall mean the full-time hourly wage x 2080 x FTE.

b. **Beginning Salary Rate of Pay for Classified Employees**

An individual shall normally be appointed to a position in the Classified Pay Plan at a salary at or between the minimum and the midpoint of the salary range for the assigned class. An employee who is promoted to a position in a higher pay grade will receive a salary at or between the minimum and the midpoint of the salary range for the assigned class. Vice president or Provost approval is required when hiring or promoting an employee above the midpoint and must be justified by the exceptional qualifications of the applicant; or by the demonstrated lack of qualified applicants; and does not create an inequity between the individual and employees already employed by the university in that class. An employee whose position has been reclassified upward will receive a salary at or between the minimum and midpoint of the salary range for the assigned class. Exceptions to this policy must be approved by the President, upon being forwarded through administrative channels to the

OP 70.14
appropriate vice president who will review the exception along with a written explanation from the requesting department in addition to relevant information provided by Human Resources.

4. Types of Pay Increases

Staff and Faculty pay increases are administered in accordance with the Texas Government Code Sections 659.251, 659.253, 659.2531, 659.256-259, 2101.3035, and 2101.037. Faculty increases are also administered in accordance with Texas Tech University OP 32.08, Faculty Salary Increases.

a. Merit

A merit increase may be awarded to employees whose job performance and productivity is consistently above what is normally expected and required. A merit increase may be awarded to an employee in relation to his or her performance if:

(1) The employee has been continuously employed in the same position for 6 months prior to the effective date of the increase;

(2) The effective date of the increase is at least 6 months after the effective date of the employee’s last promotion, reclassification, equity, or merit increase.

(3) The employee has a current evaluation on file with an overall score of 4 or above.

(a) In situations where the President or Chancellor’s executive leadership issues a performance memo in lieu of a performance evaluation, the memo must identify that the employee is at least meeting expectations.

b. Equity

An equity increase may be awarded to employees as needed to maintain desirable salary relationships between and among employees of the university or between employees of the university and employees who hold similar positions in relevant labor markets. An employee may receive an equity increase if:

(1) The employee has worked in his or her current position for at least 6 months and maintained a satisfactory level of job performance;

(2) The employee has not received any type of pay increase in the 6 months prior to the effective date of the equity increase;

(3) The increased salary is still within the pay range of the current pay grade; and

(4) The employee has not received an equity increase within the current fiscal year.

When considering an equity increase for an employee, the education, skills, job duties, related work experience, length of service, and job performance of current university employees in similar positions and similar positions in the relevant labor market must be taken into account.
consideration. Contact Human Resources to assist in this type of review.

c. Reclassification

A reclassification is the reassignment of a position to a different class or pay grade category. An analysis of job duties, level of responsibilities, minimum required qualifications, and reporting relationship of the position will be reviewed by Human Resources in collaboration with the department. A position can be reviewed for a reclassification if the position’s duties have significantly changed to support the business need of the department. Reclassifications are administered in accordance with OP 70.11, Appointment of Staff Employees.

5. Other Policies Relating to Appointments and Compensation

a. OP 70.11, Appointment of Staff Employees.

b. OP 70.16, Compensation in Excess of Base Salary.

c. OP 70.25, Longevity and Hazardous Duty Pay.

d. OP 32.08, Faculty Salary Increases.

e. OP 32.17, Faculty Appointments and Titles.

f. OP 32.10, Additional Compensation for Faculty/Staff through the Office of the Provost.

6. Compensation Policies

a. Definition of Base Salary Rate

Base salary rate shall represent base pay for a specified position of employment or activity excluding any other payments or allowances.

b. Pay for Part-Time Employment

Compensation for part-time work shall be proportionate to the time worked, based on 40 hours per week. Part-time positions in the Classified Pay Plan will be paid using an hourly rate and reported hours worked.

c. Salary Adjustment Ineligibility

Pursuant to state regulations, employees granted an increase to their base salary rate are ineligible for any other merit-based increases for the next six months following the effective date of a merit-based salary adjustment.

7. Special Title Restrictions

The majority of the pay plan position description templates identify appropriate and acceptable uses for that particular position. This is done to maintain equity, job consistency, and compliance with federal and state laws.
There are certain titles restricted for use in specific offices or specific hierarchical levels only.

Restricted use for Office of Audit Services
- S1223 Auditor
- S1224 Senior Staff Auditor
- S1225 Staff Auditor

Restricted use for the office of the Chancellor and the President
- E0131 Chief of Staff
- E0105 Assistant to the President
- E0132 Special Assistant to the President
- E0106 Executive Assistant to the Chancellor
- E0108 Special Assistant to the Chancellor
- E0112 Assistant to the Chancellor

Restricted use for the office of General Counsel
- E0127 Attorney
- E0141 Managing Attorney
- E0129 Assistant General Counsel
- E0125 Associate General Counsel
- E0128 Senior Associate General Counsel

Restricted for the use of the Administration and Finance Division areas reporting to the Vice President for Administration & Finance, CFO
- E1230 Certified Public Accountant

Extended titles with a Human Resources designation are restricted for use in the Texas Tech University’s Office of Human Resources only.

Extended titles with a Payroll Services designation are restricted for use in the Texas Tech University’s Office of Payroll & Tax Services only.

Exceptions to this policy will require strong justification and approval by the President. Positions which are currently assigned to the reserved classifications, but which do not meet the criteria set forth in this policy, will not immediately be reclassified; however, such positions will be reclassified when they become vacant.

8. Other Pay Normally Associated with Salary

There are other types of compensation an employee may receive that is not considered part of his/her base salary.

a. Supplemental Pay

Supplemental pay may be used to provide additional salary to employees in certain circumstances for performing special assignments in addition to their normal job duties. Supplemental pay should be reviewed and renewed on an annual basis at the beginning of each fiscal year by the appropriate vice president or Provost.
b. One-Time Merit Payment

A one-time merit payment is a single payment to an employee that does not change the employee’s base salary. A one-time merit payment may be awarded if:

(1) The employee has been continuously employed in the same position for 6 months prior to the effective date of the one-time merit;

(2) The effective date of the merit is at least 6 months after the effective date of the employee’s last promotion, reclassification, equity, one-time merit payment, or merit increase.

(3) The employee has a current evaluation on file with an overall score of 4 or above.

(a) In situations where the Chancellor’s executive leadership issues a performance memo in lieu of a performance evaluation, the memo must identify that the employee is at least meeting expectations.

c. Recordkeeping and Overtime Exemptions

Recordkeeping and overtime exemptions in accordance with the Fair Labor Standards Act are administered in accordance with OP 70.06, Employee Working Hours, and OP 70.17, Overtime.

9. Authoritative References

Texas Government Code, Chapter 659, Sections 251, 253, 256, 257, 258 & 259

10. Right to Change Policy

Texas Tech University reserves the right to interpret, change, modify, amend, or rescind this policy in whole or in part at any time without the consent of employees.