

FY 2009-10 Modified Staff Wage and Salary Guidelines

Roles and Responsibilities

Supervisors carry much of the responsibility for staff compensation administration within the departments and must do so in accordance with these guidelines. Many details of that responsibility are listed in the Principles section. Department administrators, senior business officers, human resource directors and managers, home department coordinators and supervisors are responsible for assuring their department's compliance with staff posting and classification procedures, including approval and recordkeeping requirements.

Schools and divisions are encouraged to establish additional departmental procedures to clarify senior management's expectation for requests, review, approval and documentation of employment actions. These Staff Wage and Salary Guidelines provide departments with a framework around which those internal procedures must be developed and executed.

From time to time, the Staff Wage and Salary Guidelines may be modified because of special circumstances that require additional restrictions, changes in procedure, or levels of approvals. Failure to comply with the requirements set forth in university and department policies will be cause for disciplinary action, up to and including termination.

The Compensation Office in Personnel Services is responsible for the following:

- establishing university compensation principles,
- determining salary and wage guidelines,
- establishing position descriptions in accordance with university business practices that comply with state and federal law,
- creating job descriptions,
- determining the classification of positions,
- conducting job audits,
- ensuring departments utilize job descriptions that most appropriately match work performed,
- conducting and participating in compensation surveys on behalf of the university,
- advising departments on various compensation matters including market comparisons based on both internal and external benchmarking, and
- monitoring departmental compliance with staff posting and classification procedures and related federal and state law.

These procedures apply to staff employed by the University of Southern California. In the event of a discrepancy between these procedures and guidelines and a collective bargaining agreement, the terms of the collective bargaining agreement will govern.

Staff Wage and Salary Guidelines

Modified for Fiscal Year 2009-2010

If you have any questions regarding these procedures, please contact the compensation staff in Personnel Services at (213) 821-8180 for the University Park campus or (323) 442-1010 for the Health Sciences campus. Additional information about compensation and related forms are available online at www.usc.edu/dept/personnel/comp.

Review and Approval Requirements

1. One-Level-Up Support

The employee's direct supervisor and the supervisor's supervisor review request and approve submission to next level.

2. School/Department Review and Support

The most senior position in the school or department (e.g. Dean, Vice President, Associate Senior Vice President, Vice Provost, etc.) reviews request and approves submission to next level.

3. Review and Approval under FY 2009-2010 Modified Staff Wage and Salary Guidelines

The Vice President of Academic Planning and Budget (for all schools/departments reporting to the Executive Vice President and Provost) or the division senior vice president (for **all** other departments) reviews request and determines final approval. This review and approval is required for all discretionary bonuses, mid-year pay increases, overload compensation, merit increases in excess of 3% for eligible staff for fiscal year 2009-10, and exceptions to restrictions outlined in these guidelines.

Principles

1. Minimum Pay – All departments must comply with federal and state wage and hour law including minimum pay requirements, minimum wage and salary rates, time and record keeping, overtime pay requirements and pay periods (see Staff Wage and Hour Policies).

2. Accountability – The authority, accountability and responsibility for staff compensation administration lies with supervisors, who are required to execute employment actions in accordance with the policies, practices and guidelines established by the university and additional requirements that may be established by their schools and divisions. Supervisors are required to consult with the person to whom they report on all employment decisions and transactions affecting the employees that report directly to them. This requirement for **“one level up”** review and support applies to all employment decisions including, but not limited to, the determination of, or changes in, salary and wages rates, bonus compensation, perquisites, budget allocation, job postings, employment offers, changes in the terms and conditions of employment, hiring, promotions, demotions, reorganizations, and terminations.

Staff Wage and Salary Guidelines

Modified for Fiscal Year 2009-2010

3. Pay Practices – Supervisors are accountable for and expected to establish and maintain pay in accordance with these staff wage and salary guidelines and the additional requirements which are prescribed by the president, executive vice president and provost and senior vice president for administration. When determining wage or salary rates or other compensation, perquisites and non-standard benefits, factors such as marketplace comparisons, the education and experience of the individual, fair and equitable distribution among employees in the same or similar position classifications, individual performance, and available funding must be considered.

4. Pay Comparisons – The compensation staff in Personnel Services is available to assist departments in reviewing compensation on a case-by-case basis. The compensation staff will provide departments with salary/wage averages by position, university-wide comparative data and/or external market data, if available, and/or make arrangements for custom surveys. Departments should utilize the recommended hiring ranges as a guide to establishing starting wage and salary rates for newly hired, rehired or transferred staff.

5. Funding – Funding for staff compensation is allocated during the budget approval process each fiscal year. Changes to this allocation may only be made during the annual budget approval process or through a specific mid-year budget amendment or modification request, which has been reviewed and approved by the appropriate administrator, the Office of Budget and Planning, and Financial Administration and Performance. Any commitment of compensation in excess of the amount specifically budgeted for the current fiscal year or which increases the budget commitment in future years is subject to this amendment/modification approval process. Department supervisors should consult with their senior business officer for guidance on allocations.

6. Annual Pay Increases – Annual staff pay increases must follow the “Review and Approval Requirements” and limitations described in these guidelines. Annual staff pay increases are merit-based and should vary according to individual performance and the amount of funding available. (Exclusions to this rule include employees of the Department of Public Safety who are included in a specified Step Pay Plan, employees in Facilities Management Services who are included in a specified Pay for Skills program and employees covered under collective bargaining agreements whose pay increases are subject to the compensation guidelines and instructions specified in those agreements.)

There are to be no across-the-board increases, uniform cost of living increases or commitments for future increases determined prior to the regular, annual budget development process. Typically, only one merit increase is allowed during each fiscal year, effective on July 1. Every employee should be informed, in writing, of his or her annual merit increase and new rate of pay, if applicable, before July 1. The reason for the amount of the increase, or lack thereof, should be described and documentation must be retained in the employee’s file. Performance evaluations should be based on performance sustained over time and documented in writing. Employees must be given the opportunity to comment on the

Staff Wage and Salary Guidelines

Modified for Fiscal Year 2009-2010

evaluation documentation. Both the evaluation and the employee's comments must be retained in the employee's file. Guidance for appropriate performance evaluations is provided in Staff Hiring and Employment Policies, Performance Evaluations.

http://policies.usc.edu/policies/hiring_employment/performanceeval070105.pdf

7. Pay for Transfers and Rehires – Employees who transfer or are rehired into posted positions should receive compensation appropriate to the new position, their experience and qualifications and available funding as described in number three above. Employees are not guaranteed the rate of pay associated with their previous position or guaranteed any increase because of a move to a new position.

Standard Guidelines

1. Federal and State Wage and Hour Compliance

Minimum wage

The state minimum wage rate for non-exempt employees is \$8.00 per hour.

Minimum salary

State law requires that all exempt staff, regardless of percentage of time worked, must earn a monthly salary equivalent of no less than two times the state hourly minimum wage for full-time employment. Full-time employment is defined in Labor Code Section 515(c) as 40 hours per week. The minimum salary rate for exempt staff is currently \$2,773.33 per month, or \$33,280 per year.

Payment for overtime

Non-exempt employees who work in excess of eight (8) hours in a workday or forty (40) hours in a work week must receive overtime compensation. Only those employees working under an alternative work schedule set up in accordance with state regulations and approved and filed with the state by Personnel Services may be exempt from this overtime requirement. (See Staff Wage and Hour Policies, Overtime and Alternative Work Schedule.)

If a non-exempt employee is paid extra compensation for additional duties performed within the regularly scheduled work hours, the extra compensation (“overload”) is considered part of the regular rate when determining an hourly overtime rate.

2. Establishing Wages/Salaries for Posted Positions

When determining wage or salary rate offers, departments should consider the candidate's applicable education and experience, marketplace equity, compensation levels of existing staff (peers and subordinates) within the appropriate work unit, university wide staff within

Staff Wage and Salary Guidelines

Modified for Fiscal Year 2009-2010

the same classification and available funding. The **“one level up”** review and approval applies to all determinations of wage and salary rate offers.

New Hires

Departments are encouraged to offer compensation for new hires that is equitable with compensation provided to staff in similar positions in the department and university and competitive with the external market. The Compensation Office is available to consult with departments to provide compensation benchmarking data both internal and external.

The university discourages July 1 fiscal year merit increases for employees hired after April 1 of that year. Because merit increases should be based on an evaluation of sustained performance, these employees may not have had sufficient opportunity to demonstrate such performance. The schedule for potential pay increase opportunities should be communicated to the employee at the time of the employment offer.

Rehires

The rate of pay for employees who terminate and who are reemployed will be determined on the same basis as any candidate newly hired into a posted position, as described above. Although prior, relevant university experience would typically be an important factor, employees are not guaranteed the rate of pay associated with their previous position or guaranteed any increase in pay.

Transfers

A transfer occurs when an employee leaves one position within the university and is hired into a posted position at the same or lower level of responsibility. The new rate of pay is determined on the same basis as any candidate newly hired into a posted position. Employees are not guaranteed the rate of pay associated with their previous position.

Staff Wage and Salary Guidelines

Modified for Fiscal Year 2009-2010

Restrictions and Approval Requirements for Fiscal Year 2009-2010

Due to the unusually challenging economic times, the university has implemented the following restrictions and approval requirements for merit increases, discretionary bonuses, mid-year pay increases, and overload compensation for FY 2009-10.

1. Merit Increases

Eligibility

- **Eligible for Merit Increases** – Staff who currently **earn \$57,000 or less** in annual FTE base compensation (the university's current average annual base compensation).
- **Not Eligible for Merit Increases** – Staff who currently **earn in excess of \$57,000** annual FTE base compensation.

Funding

- For staff eligible for merit pay increases, departments will be required to self-fund a budget pool to accommodate a maximum aggregate 3.0% increase on the total base compensation of the eligible population.

Approvals

- Merit increases **up to and including 3% for eligible staff** – require “**one-level-up**” review of merit increase proposals and approval to proceed with school/department internal processes.
- Merit increases **in excess of 3% for eligible staff** – in addition to the required “**one-level-up**” review, merit increase proposals require final approval by the division senior vice president or Vice President for Academic Planning and Budget. Departments may use the Fiscal Year Pay Increase Exception form available online at <http://www.usc.edu/dept/personnel/comp/forms.htm> or an alternative form acceptable to the division senior vice president or Vice President for Academic Planning and Budget. Prior to requesting an exception, departments should comply with any guidelines or directives issued by the cognizant approver.
- Salaries of \$200,000 or above in total compensation are reviewed annually and authorized by the division senior vice president or Vice President for Academic Planning and Budget.
- Exceptions to the requirements, restrictions or procedures described in these guidelines require approval by the Vice President for Academic Planning and Budget or division senior vice president. Transactions and authorizations will be audited.

Staff Wage and Salary Guidelines

Modified for Fiscal Year 2009-2010

2. Discretionary Bonuses

Eligibility

- All staff may be eligible for discretionary bonuses. No staff making in excess of \$57,000 will be allowed to receive a bonus in FY 2009-10 larger than received in FY 2008-09. Requests are considered on a case-by-case basis and in the context of total compensation, including base pay.

Approvals

- In addition to the “**one-level-up**” review, bonus compensation requires final approval by the division senior vice president or Vice President for Academic Planning and Budget. Departments may use the Request for Bonus Payment form available online at <http://www.usc.edu/dept/comp/forms.htm> or an alternative form acceptable to the division senior vice president or Vice President for Academic Planning and Budget. Transactions and authorizations will be audited.

3. Mid-Year Pay Increases

Eligibility

- Mid-year increases may be considered to adjust internal or external equity, or to recognize a substantial increase in responsibility and/or duties in the case of a promotion. The mid-year increase may not be retroactive and the employee may not be advised of the increase until it has been approved.

Approvals

- In addition to the “**one-level-up**” review, mid-year pay increases require final approval by the division senior vice president or Vice President for Academic Planning and Budget. Departments may use the Request for Mid-Year Pay Increase form available online at <http://www.usc.edu/dept/personnel/comp/forms.htm> or an alternative form acceptable to the division senior vice president or Vice President for Academic Planning and Budget. Transactions and authorizations will be audited.

4. Overload Compensation

Eligibility

- All staff employees who temporarily perform duties unrelated to their normal responsibilities or who temporarily assume additional higher level or more complex

Staff Wage and Salary Guidelines

Modified for Fiscal Year 2009-2010

responsibilities that are not already included in the employee's job description may be eligible to receive extra compensation as "overload" for a limited term.

Approvals

- In addition to the "**one-level-up**" review, overload compensation requires final approval by the division senior vice president or Vice President for Academic Planning and Budget. Departments may use the Request for Overload Payment form available online at <http://www.usc.edu/dept/personnel/comp/forms.htm> or an alternative form acceptable to the division senior vice president or Vice President for Academic Planning and Budget. Transactions and authorizations will be audited.