Principles and Guidelines for the Exempt Staff Salary Administration Program
HR-03-60

About This Policy

Effective Dates:
10-01-2007

Last Updated:
03-02-2021

Responsible University Administrator:
Vice President for Human Resources

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Scope

This policy applies to all exempt staff employees.

Policy Statement

Introduction

1. The university strives to administer a fair and rational salary administration program for exempt roles across Indiana University.
2. The design of the salary administration program is intended to provide management with information and guidelines that emphasize objective, market-based salary decisions that meet the changing needs of the Responsibility Centers (RCs).
3. University, Campus, and RC priorities and fiscal affairs are principle considerations, along with compliance with Trustee-approved salary policies.

Philosophy

1. The university's salary administration program for Exempt staff will:
   a. Emphasize total compensation (salary and benefits)
   b. Provide a system that strives to be market competitive
   c. Recognize that internal market differences exist across RCs
   d. Recognize that internal equity within an RC is important
   e. Acknowledge the need for broad salary ranges to support RC decisions and fiscal affairs
   f. Emphasize salary administration policies that support RC priorities in recruiting and retaining highly qualified staff in a dynamic work environment, within the RC’s fiscal resources

Salary Administration System

1. The university's salary administration program for Exempt staff will be based on:
   a. Job functions and job families with distinguishable roles and descriptive career level guides
   b. Role descriptors with qualifications, skills and abilities, competencies, and fundamental responsibilities
   c. A pay structure with market-based salary ranges to reflect the competitive range for each role
d. Classification of positions: allocation to the applicable job function, job family, and career level that most appropriately captures the characteristic level and type of occupational work

e. Compliance with applicable federal and state laws and regulations including the Fair Labor Standards Act (FLSA)

f. Equal pay without regard regardless of their protected characteristics listed in UA-01, Non-Discrimination / Equal Opportunity / Affirmative Action.

g. Consistent framework for managing salary administration actions that allows flexibility within each RC for the effective management of individual salaries while operating within established budget parameters and fiscal resources

Salary Structures

1. Salary structures consisting of a series of salary ranges for each job family will be established and maintained for all Exempt staff roles. Each salary range includes the following:

a. Minimum: The minimum salary that the university has established for a fully qualified employee whose performance is in good standing. ("Salary" for this section includes base salary, bonus and other incentive payments, as well as the value of any board and meals.)

b. Market Zone: A central range within each career level, designed to capture the average of multiple salaries reported by the university’s peer group which fall below, within, and above the market zone, and covers approximately the 25th percentile, the median, and the 75th percentile of market salary data. Managers should use it as a guide. It is not intended to reflect where actual salaries for staff should be set. The actual salary of an employee is influenced by the credentials, attributes the employee brings to the position, internal equity within the RC, and the RC’s fiscal resources.

c. Maximum: Included to give managers a frame of reference for salaries above what the market suggests is typical for the position (i.e. above the 75th percentile of market salary data); however, an individual’s unique qualifications and contributions to the university may result in a salary that exceeds this maximum. Salaries above this amount require approval of the RC head.

2. Roles within each job family will be assigned to a career level and salary range based upon competitive market data. When no external market data is available, then roles will be assigned to a salary range based on internal comparisons of compensatory attributes for roles with competitive market data.

3. Competitive market data will be regularly analyzed, and salary structures will be adjusted to maintain competitive salary ranges for each job family. The analysis and any adjustments will be based on the following:

   a. Reliable published salary surveys to preserve consistency
   b. An adequate number of roles within each job family on which to gather market data (benchmark jobs)
   c. Matching roles based on actual duties and responsibilities, not job titles
   d. Comparing the relevant employment market (where employees are recruited from or where current employees in the role may go to find a similar position) for each benchmark job
   e. Conducting independent third-party surveys when necessary
   f. Monitoring market trends and movement of salary structures and adjusting all survey data to a common effective date based on general trends noted for average competitive market movement
   g. Recognizing the university and each RC’s financial environment when making salary range adjustments

Procedure

1. **Management Decisions:** RC managers are responsible for making decisions regarding pay consistent with the above salary principles. Managers should make all salary decisions (new hire, promotion, merit increase, etc.) based on objective job-related criteria in a consistent, non-discriminatory manner. Attention should be given to maintaining salary equity with other employees in the RC performing similar duties and responsibilities.
2. **Role Descriptors:** IUHR Compensation maintains role descriptors for each role at IU. Every role descriptor includes the following components: role summary, career level dimensions, qualifications, competencies, fundamental responsibilities, and typical physical and mental demands. When assigning a role descriptor to an employee's position, managers should consider the fundamental responsibilities including approximate percentage of time spent on each, supervision of personnel, minimum qualifications directly related to the assigned duties and responsibilities, required licenses or certifications, and scope and impact of the role. Managers should provide incumbents a copy of the associated role descriptor and use it for purposes such as: recruitment activity, orientation of new hires, performance management, position classification reviews, etc.

3. **Position Classification Reviews:** To accommodate a dynamic work environment, including new priorities and initiatives, changes in technology and regulations, fiscal constraints, etc., it is expected that management will restructure the duties and responsibilities assigned to various positions. When managers deem that these changes are significant enough to warrant a review of the position’s classification, then a request for such, with supporting documentation, should be sent to campus human resources for review, following the RC review and approval process. Incumbents who believe that the classification of the position is not appropriate should consult with their supervisor. Supervisors, who believe that a classification does not correspond to the assigned responsibilities, should contact their departmental HR representative. If the departmental HR representative supports the request for review, they should submit a request, with supporting documentation, to IU Human Resources for review, following the RC review and approval process. IU Human Resources will review the request to assign a new role descriptor and classification.

4. **Fiscal Affairs and Trustee-Approved Salary Policies:** Before salary commitments are made to individual employees, it is important that all university, campus, and RC fiscal approvals are obtained and that there is compliance with Trustee-approved salary policies.

**Definitions**

**RC:** For the purpose of the salary administration policies, a Responsibility Center or distinguishable department within a large RC such as the IU School of Medicine or College of Arts and Sciences. A regional campus may consider the Chancellor the RC head.

**Job or Role:** A collection of positions whose duties and responsibilities are the same kind of work, at a similar skill set and responsibility level. The duties and responsibilities are alike enough that the positions have the same descriptive title and fundamental responsibilities and require substantially the same minimum qualifications. (In rare instances, a position with very unique duties and responsibilities may exist and may be the only position assigned to a role descriptor.) Each role has a defined job function, job family, and career level.

**Position:** A specific set of duties and responsibilities officially assigned to a specific employee. A position’s duties may vary slightly from the collective set of fundamental responsibilities listed in the role descriptor assigned for classification purposes. For example, a program manager is a role that houses many like positions, but two employees in program manager positions in two different departments may perform various responsibilities for different projects or programs for which the associated tasks may vary. Each employee is in an individual position and has a unique position number.

**Job Function:** A major service or discipline which typically exists across multiple units within the university, i.e. finance, information technology, student services, etc.

**Job Family:** A collection of roles involving the same type of work but requiring different skill and responsibility levels. Grouping jobs with similar work by job family provides consistent comparison with the market pay rates for similar work.

**Career Level:** A grouping of the jobs or roles in each job family into distinct levels based on compensatory job attributes, such as complexity, scope of impact, autonomy, supervision of others, and knowledge required.

**Salary Range:** Sometimes referred to as pay range. Each job family has a set of salary ranges that reflect its relevant labor market segment based on geographic and scope considerations (local, state, regional, or national) and/or type of employer (public, private, or higher education). Each salary range has a minimum, market zone and a maximum. (These terms are defined in "Salary Structures" above the salary range values assigned to salary grades may vary across job families, based on relevant external market data.)
Competitive Market Data: Published and independent salary surveys of the relevant employment markets for job families and their job levels.

Sanctions

Managers, supervisors, and employees who violate this policy are subject to disciplinary action, up to and including separation.

History

March 2021
Updates made due to Job Framework Redesign project.

January 2021
Updates made due to Job Framework Redesign project.