



Leader's guide

Staff compensation and salary administration

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Introduction

Arizona State University has become the foundational model for a New American University, committed to excellence, access and impact in everything that it does. The university pursues research that contributes to the public good and assumes major responsibility for the economic, social and cultural vitality of our community.

To maintain its distinction as an innovative and entrepreneurial organization, ASU must continue to attract and retain top staff talent. This guide describes the means by which compensation can become a tool for managers to support ASU's vision and to recognize and reward the contributions of its staff members.

Total compensation at Arizona State University

Compensation is more than the salary paid for the valuable work performed to support the success of ASU students. It includes a package of broad, comprehensive and affordable benefit plans and programs.

Total compensation package:

- A comprehensive package of affordable benefits plans and programs.
- Access to world class educational opportunities at deeply discounted rates.
- Salary and wages paid for work performed in support of ASU's students.

ASU's total compensation program objectives:

- Establish a financially responsible system that considers the relevant market when determining total compensation.
- Offer options for flexibility in pay administration for leaders or managers.
- Provide opportunities to reward performance, proficiency and outcomes.
- Promote consistency and fairness, in compliance with applicable regulations.
- Support employees' desire for career growth.

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A leader's role and responsibilities

ASU's dynamic nature provides opportunities for expansion of job knowledge and skills - a key value of the New American University. Leaders must understand and effectively communicate the elements of the university's compensation framework, including the principles of Total Compensation.

Use this Guide, the Compensation web pages and other OHR resources to learn about ASU's compensation framework. Then let your staff know that you are their primary source of information regarding career growth and development. Leaders should seek opportunities that may expand an employee's skill set in service of ASU's mission and should help staff members understand how their job supports the university's vision and goals.

Expectations

- Identify and define the type of jobs, mix of skills or jobs and staffing levels required to meet departmental objectives.
- Administer salary actions in accordance with guidelines, policies and procedures.
- Recommend salary adjustments or promotional opportunities consistent with established budgetary and approval guidelines and in recognition of demonstrated performance contributions.
- Initiate job documentation or description that reflects the current functions, duties and responsibilities.
- Periodically, review job documentation to ensure it accurately reflects the duties or responsibilities of the current position, and when necessary, initiate action to review and update.

Need help?

The compensation group is available to provide guidance in all areas relating to decisions affecting salary, classification and organizational analysis.

[Michael Forhan](#) | Compensation consultant

[Jennelle Rivers](#) | Compensation analyst

Pay for performance and outcomes

Embedded in ASU's vision and goals are the principle of performance-based, skill-based and competency-based compensation. This principle is important to the ability to attract, develop and recognize the talent needed to realize ASU's vision and goals. As a leader, working within the structure of your unit, you must manage, develop and recognize your staff through the equitable and defensible administration of classification and compensation actions.

Salary actions should be based on the results of annual performance evaluations, among other things, and should show significant differentiation between levels of staff performance. Your unit may be able to recognize incumbents who have acquired additional skills or demonstrated increased knowledge and competency throughout the year, even if this occurs outside the regular review cycle.

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Program elements

All staff jobs at ASU are assigned to one of five categories. A systematic grouping of jobs generally in organizational hierarchical order.

Task, operational

Performs operational or administrative support tasks; works within well-established policies and under direct supervision. Nonexempt roles typically included — can include team leads and first-level supervisors.

Functional or tactical

Applies critical thinking and knowledge for implementation of tactics at both an exempt individual contributor or functional manager level with no direct reports; involved in functional decision making. Typically involves supervisors who make independent decisions regarding the work of those they supervise.

Tactical or managerial

Strategic operational focus in a specific operational area or function and manages direct reports. Translates goals into tactical implementation and interprets/administers complex guidelines. Typically includes mid-level leaders and high-level individual contributors.

Strategic

Sets and leads strategic global vision for department initiatives; multiple synergistic reporting areas accountable for budget execution and financial, operational results may include leader of leaders.

Leadership

Responsible for defining and establishing the vision, mission and strategic objectives of the university. This is typically an executive-level role.

Once assigned into a category, every staff job is given a **market reference point** and a **market reference zone**. Figure 1 on page six shows a sample of MRP and MRZ.

Key definitions

Market reference point is an established salary rate for any given position that considers all external market data and internal pay relationships. In other words, it is the nominal salary that the university sets for any given job.

Market reference zone is the spread below and above the MRP through which salaries are set. The width of the MRZ varies by category. The university will strive – but will not guarantee – to manage the salaries of all incumbents in any given job within the MR.

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Example



Figure 1 | MRP, MRZ sample

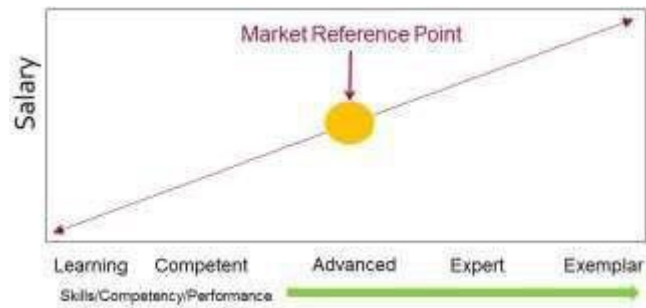


Figure 2 | Placing Salary within the MRZ

Figure 2 shows that the salary of an incumbent in any given job is positioned within the MRZ by considering levels of expertise:

- **Learning** – Current experience, qualifications represents at least the minimum requirements for the job. The incumbent typically is still learning the basic functions to be performed.
- **Competent** – The incumbent is able to complete most job requirements; enters the job with directly relevant prior experience and requires only procedural, university or departmental training.
- **Advanced** – The incumbent is fully competent or knowledgeable in all aspects of the job requirements, procedures and departmental requirements, and can demonstrate ability to contribute immediately to the achievement of objectives with little direction or supervision beyond general operational orientation needs.
- **Expert** – The incumbent has depth and breadth of experience demonstrated through the ability to execute while being held accountable for outcomes; routinely handles complex situations, including interpretations of policies, practices and procedures; and demonstrates behaviors that would lead to a career move.
- **Exemplar** – The incumbent demonstrates mastery of all aspects of the job and behaviors determined to be models for others. An incumbent staff who has been in the same career type or line of work for an extended period of time and has shown considerable and consistent skill development.

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Major salary actions

There are four major types of **salary or career-related actions** in ASU's compensation administration:

- **In-category promotion** – occurs when an incumbent has consistently demonstrated skills, abilities, and competencies associated with a more complex job that can be within or outside the current job family, but within the same category with a higher MRP and includes an increase in pay.
- **Promotion** – A change in current job resulting from a movement into a higher category that represents a major change in role and responsibility and includes an increase in pay.
- **Transfer or lateral** – A **lateral transfer** results when an employee moves to a different department, unit, or college in the same job title, same MRP, and category. There is no change in pay as the overall scope of the position has not changed.
- **Reassignment** – An employee moves into a different job title with a lower MRP or category for re-careering or organizational purposes. There may be a review of salary, which may result in a change in pay. If an employee, during a competitive recruitment, is selected as the preferred candidate and that change results in a position with a lower MRP, the candidate's salary offer is consistent with the recruitment notification of the market zone.

An equity adjustment, market adjustment or merit increase occasionally also may be appropriate.

Definitions

Equity adjustment – This adjustment is intended to correct a pay disparity within a job classification.

Market adjustment – Based on the results of compensation market study, the assigned Market Reference Point of the job classification is adjusted and the affected incumbent's current salary falls below the lower end of the new MRP. If additional correction is warranted based on an assessment of the employee's salary compared to the job's market zone, taking into consideration performance and experience, administrative officials and OHR should work together in partnership to determine appropriate in-zone adjustments. Market adjustments resulting in upward zone or category movement with associated financial impacts must be reviewed and finalized by OHR. After that, the recommendations from OHR must then be approved by leaders prior to implementation.

When determining the percentage adjustment in salary for any salary action, leaders should exercise discretion, evaluating such variables as current salaries of peers in the same job with similar experience and education, length of time since last salary change and projected performance contribution. If requested, the compensation group is available to assist in this area.

Read about our [Salary Adjustment Policy, SPP 403-08](#) for more details.

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Annual review, merit increases

ASU's performance-based culture requires that each staff member be assessed based on his or her contribution to the achievement of the university's annual goals and objectives. Performance management is a year-round process of 1:1 coaching of staff members by leaders.

A meaningful performance assessment starts with an accurate job description and includes a review of the individual's performance against core expectations and their results, defined as job standards, behavior, goals and professional development for the performance cycle.

The outcome of the performance evaluation is used to justify any recommendations for adjustments to salary related to performance and increased skills, abilities and competencies.

Definition

Merit increase – Staff member remains in the same position with the same MRP in the same category and receives a performance-based salary increase as a result of a university-wide merit exercise.

Resources

[Performance management](#)

[Arizona Board of Regents, Evaluation of Staff Policy 6-304](#)

[ASU Classified Employee Performance Evaluation Policy SPP 309-01](#)

[ASU Performance Management for University Staff Policy SPP 808](#)

Establishing MRPs

ASU uses market pricing to assign value to jobs within the category framework, consistent with its compensation principles. Wage information is gathered, either annually or more frequently, using a variety of compensation and salary survey sources, custom-designed surveys or a combination of both, based on management requests and availability of relevant statistical data.

Compensation methods OHR's compensation group uses:

- **Survey sources** are selected based on relevant job market and job responsibilities to ensure appropriate industry comparison.
- **Summary statements from ASU job descriptions** are compared with survey job statements to ensure an appropriate match, using the 80 percent rule for benchmark jobs.
- **Benchmark jobs** are defined jobs with duties that tend to be consistent across industry sectors.
- The 80 percent rule refers to the degree of match between the content of the survey job statements and the job at ASU.
- **Non-benchmark jobs** are unique ASU jobs. Category and MRZ decisions are based on internal review of benchmark jobs that are most closely comparable and are made by use of a whole-job-content method — analysis of scope, responsibilities and authority.

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- **Data elements** collected include job content and structure, median wage paid and variable pay, if applicable. Data on benchmark jobs is analyzed to determine the prevailing market wage and then projected to a future date generally the beginning of the upcoming fiscal year.
- **A report on the market** for ASU jobs is prepared and submitted annually to management recommending changes that will maintain relative market position, including the associated implementation costs.

Transfers between units

Inter-unit movement can occur in one of two ways:

- A selection of one of your staff members as the final candidate in a competitive process.
- A reorganization where functions are moved from one unit to another.

More info

[Internal hiring process](#)

Career opportunities for staff may occur that involve moving or transferring into another unit. Career moves in which the incumbent is staying within the same category and job as the one being vacated generally do not involve any salary adjustment.

Salary increases are deemed appropriate if the new job has increased scope and responsibilities. In that case, the change would be considered a transfer, and standard salary administration and employment offer guidelines should be applied.

Note: As a leader, you should consistently support your staff's career decisions. Counter offers, however, are strongly discouraged.

Salary offers

Before hiring a candidate, the Office of Human Resources recommends using the competency levels outlined earlier to assess the candidate.

Classification, organizational analysis

ASU continues to grow and the growth is often realized through organizational transformations that result in jobs created, modified, reclassified and sometimes eliminated. When jobs undergo change, the established compensation and classification plan may no longer be appropriate. It is important to work with the compensation group during these transformations and also with your HR Partner, especially during job eliminations. See suggested procedure at right.

Some areas within the university experience less volatility than others, and jobs will tend to remain somewhat constant in content, scope and breadth from year to year. In these areas, leaders should ensure each year that job documentation is accurate, even if the content does not change.

Suggested procedure

When senior leadership agrees there is a business need to develop a new organization or change the mix of staffing in the current organization and a new or revised position is needed, first look for an existing job description. If there isn't one, draft a new description.

Forward your job description draft to compensation for review, market reference data and determination of classification status

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Titles

The use of titles throughout the university should reflect the actual functions performed, as well as the authority delegated to initiate action on behalf of ASU. The convention for the use of titles allows consistency both internally and for comparison with external reference points. The compensation group provides management with guidance and recommendations to ensure maintenance of internal equity.

Other compensation practices

Exempt and nonexempt

Exempt – jobs paid on a salaried basis; determined by the compensation group to ensure compliance with the Fair Labor Standards Act and based on job analysis; meets applicable exemption test/criteria. Exempt from coverage of the overtime rule, therefore, not eligible for compensation for hours worked beyond a 40-hour work week.

Nonexempt – jobs paid on an hourly basis; determined by the compensation group based on job analysis to ensure compliance with the Fair Labor Standards Act; does not meet exempt test or criteria. Compensation must be paid for all hours worked, including hours worked beyond a 40-hour work week.

Hours in excess of 40

As a leader, you have the authority to set the work schedule, assignments and rules. Part of that responsibility is to monitor the work habits of your staff to ensure they use regular work time effectively and efficiently and overtime is kept to a minimum. In certain situations, however, overtime is necessary; it should be used with discretion.

If a non-exempt hourly staff member works beyond the regular schedule in a week, the staff member must make their leader aware of the situation. Management also is required to take appropriate action if it occurs without proper approval. In either case, all hours worked should be compensated for nonexempt hourly staff. You are responsible for knowing and following your unit's approval process and guidelines for overtime.

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Leave plans by category

ASU provides holiday, vacation and sick leave plans to help our staff and faculty balance their personal and business commitments. Eligibility for vacation leave plan participation is based on the job category and is accrued biweekly.

Accrual schedule 1

Category 1 and 2 @ 100% FTE
As of July 1, 2013

| Years of service | Maximum accrual per pay period | Maximum annual accrual in hours | Maximum accumulation hours — 1.5 x annual accrual |
|---|--------------------------------|---------------------------------|---|
| 0 – 2 years | 3.38 | 88 hours | 320 hours |
| 2 – 4 years (after second anniversary date) | 4.92 | 128 hours | 320 hours |
| After fourth anniversary date | 6.77 | 176 hours | 320 hours |

Accrual schedule 2

Category 3, 4 and 5 @ 100% FTE
As of July 1, 2013

| Maximum accrual per pay period | Maximum annual accrual in hours | Maximum Accumulation in hours 1.5 x annual accrual |
|--------------------------------|---------------------------------|--|
| 6.77 hours | 176 hours | 264 hours |

The computation of accumulated vacation is based on a full-time position and an eight-hour day. Employees working less than 1.0 FTE but at least .5 FTE are credited with vacation leave adjusted to the percentage of time worked.

Read more about the university's [Vacation Leave—General Policy, SPP 702-01](#).

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ASU holidays each year

| | |
|------------------------|---|
| New Year's Day | Labor Day |
| Martin Luther King Day | Veterans Day |
| Memorial Day | Thanksgiving and day after |
| Independence Day | Holiday break, Christmas and one additional day |

Read more about the university's [Holiday Leave Policy, SPP 703-01](#).

Sick leave

Sick leave accrual is 12 days per year for 1.0 FTE and six days per year for .5 FTE. Read more about the university's [Sick Leave-General policy, SPP 701-01](#).

On call, standby

Unit management may, due to business considerations, identify certain jobs required to provide on- call or standby coverage.

Definitions:

On call – Incumbents are not compensated when placed on call but are available to respond to issues. If actually required to respond to a call of duty, nonexempt staff will be compensated consistent with the overtime policy. Read more about the university's [On-Call Duty Policy, SPP 404-07](#).

Standby – Additional compensation may be considered because of critical life or safety issues and the necessity to ensure timely response. Read more about the university's [Standby Duty Program, SPP 404-03](#).