

Interoffice Communication

Date May 14, 2008

To ISU Senior Leadership



From Elizabeth Hoffman
Executive Vice President and Provost

Subject FY09 Budget Development, Memo #9, Compensation Policy and Procedures

The President's correspondence that defines the compensation policy for the FY2009 operating budget is attached. It articulates the policy guidance for all employees, regardless of funding source, and describes the funding available from state salary appropriations for positions budgeted in the General Fund. Please contact Ellen Rasmussen with questions about the policy.

The 2008 legislative session appropriated funds for salary increases for those faculty and staff (professional and scientific and merit) paid from the General Fund. Non-General Fund units are expected to identify resources to fund a minimum 3% compensation increase for faculty and P&S staff and to fund the terms of the collective bargaining agreement for contract-covered merit employees.

Faculty Policy and Procedures

The policies for determining individual salary increases for faculty are found in the attached President's memo. Procedures to implement those policies follow.

All units in the General Fund, including colleges, Agriculture and Home Economics Experiment Station, and Cooperative Extension Service will receive an allocation equal to 3% of on-going salaried positions as documented through filled positions lists provided by those units. Colleges will also receive incremental funding for faculty promoted to associate and full professor, faculty recognized as University and Distinguished Professors, and individuals moving to senior lecturer and clinician. Those increments are:

Distinguished professor	\$4,000
University professor	\$3,500
Full professor	\$4,000
Associate professor	\$3,400
Senior lecturer/clinician	\$1,200

Differentiation of individual salary increases is expected. Colleges and other academic units may reallocate funds as necessary to provide the level of compensation needed to retain those faculty most critical to the on-going success of the unit and to address other market or equity circumstances. A

summary report on funds reallocated within the unit must be reported to Ellen Rasmussen, with a copy to Connie Bates, by June 16, 2008.

Allocations for faculty salary increases must be used for faculty salary increases, although a limited amount of funds may be transferred between the salary increase pools established for faculty and P&S with the approval of the Executive Vice President and Provost. Please address such requests through email to Ellen Rasmussen with a copy to Connie Bates. A summary report of these transfers is to be reported to Ellen Rasmussen, with a copy to Connie Bates, by June 16, 2008.

Approximately \$2.5 million is available for additional faculty salary increases and the associated benefits to be used for the university's most outstanding and highest priority academic areas consistent with the strategic plan and that face the most significant challenges with faculty salary competitiveness. Some of the \$2.5 million will be available for the most outstanding individual faculty members whose salaries are not competitive with the marketplace for faculty of their distinction. When fringe benefit costs are accounted for, approximately \$2.1 million is available for allocation. All funds will be incorporated into the FY09 operating budget effective July 1, 2008. A portion of the funds incorporated into the July 1 budget will be allocated to departments and a portion will be available for individual salary increases for tenured and tenure-track faculty.

The funds targeted to departments will be allocated to a small group of departments that are the most outstanding in the highest priority disciplines and which face the most significant challenges with tenured and tenure-track faculty salary competitiveness. Departments that will be successful receiving an allocation from this pool are those consistent with the intent of the strategic plan goal on programs, which states that ISU will "build on our university strengths" and "leverage strengths in science and technology...with emphasis on interdisciplinary initiatives involving biological, materials, and information sciences."

Deans should submit a brief narrative request for a funding allocation for departments that they believe are in need of a special allocation given these parameters. Please include a suggested funding level, with the understanding that improving the competitiveness of faculty salaries is a multi-year process. The Peer Land Grant Universities Faculty Salary Comparisons report for 1997-1998 through 2007-2008 was distributed this week by Institutional Research and should be the primary source for faculty competitiveness data. **These requests are due to the Office of the Executive Vice President and Provost no later than 4:00 p.m. on Tuesday, May 20, 2008.** Please prioritize your request if more than one department is submitted keeping in mind that only a select group of departments will receive allocations. The departmental allocation decisions will be conveyed on May 27. Departments that receive an allocation from this pool are expected to receive at least a 3% allocation of salary increase funds from the dean to support faculty salary increases. Individual salary increases made with these funds at the department level are expected to be differential. Please report specifically how these funds were used by June 20 by completion of the *Department Block Faculty Report* form in the attached workbook.

The pool for individual salary increases will fund requests for those outstanding tenured and tenure-track faculty members whose salaries are not competitive with the marketplace for faculty of their distinction. These requests should be based on the comparative data for peer land grant universities that was recently distributed. Complete the *Faculty Individual Market Equity Request* form in the attached workbook to submit these requests. Faculty requests must be assigned an individual

priority ranking. The expectation is that the individuals for whom this funding is requested will be awarded some of the largest salary increases in their department. **These requests are due to the Office of the Executive Vice President and Provost no later than 4:00 p.m. on Monday, June 2, 2008.** Allocation decisions will be conveyed by June 9.

P&S Policy and Procedures

The results of the compensation study conducted by the Towers Perrin firm are still under review and thus its recommendations have not been incorporated into the development of salary policy for Professional and Scientific (P&S) staff. The policies for determining individual salary increases for P&S staff are found in the attached President's memo. Procedures to implement those policies follow.

The P&S staff pay matrix will increase by 3% at the maximum grade. The minimum of the pay grade will remain the same. All units in the General Fund, including Agriculture and Home Economics Experiment Station, and Cooperative Extension Service will receive an allocation equal to 3% of on-going salaried positions as documented through filled positions lists provided by those units.

Differentiation of individual salary increases is expected. Units may reallocate funds as necessary to provide the level of compensation needed to compensate those P&S staff most critical to the on-going success of the unit and to address other market or equity circumstances, with the approval of the respective vice president. A summary report on funds reallocated within the unit must be reported to Ellen Rasmussen, with a copy to Connie Bates, by June 16, 2008.

Allocations for P&S salary increases must be used for P&S salary increases, although a limited amount of funds may be transferred between the salary increase pools established for faculty and P&S with the approval of the Executive Vice President and Provost. Please address such requests through email to Ellen Rasmussen with a copy to Connie Bates. A summary report of these transfers is to be reported to Ellen Rasmussen, with a copy to Connie Bates, by June 16, 2008.

A \$500,000 fund, comprised of funding targeted last year to implement the recommendations of the compensation study and newly appropriated salary appropriations, is available for additional salary increases and the associated benefits. The funds are available to address market pressures for P&S positions for which retention and recruitment are difficult because salary levels are significantly below market and to address situations where individual P&S staff members are paid less than the merit staff they supervise. When fringe benefit costs are accounted for, approximately \$420,000 is available for allocation. All funds will be incorporated into the FY09 operating budget on July 1, 2008 and may be requested only for current employees whose salaries are paid from the General Fund. Self supporting or auxiliary units should address these issues from their self-generated funds.

The requests for salary adjustments based on market factors must be for individuals for whom retention and recruitment has been challenging because salary levels are below the market from which we typically attract job applicants. Please provide market data when justifying each individual request.

Requests may also be submitted for P&S staff whose salary is lower than merit staff they supervise. Requests for those instances when the salary of the merit staff exceeds the salary of the P&S supervisor will be given higher priority than instances where the supervisory relationship does not exist. Please provide salary information for the individuals involved (P&S and merit) to document the inequity.

Complete the *P&S Individual Market Equity Request* form in the attached workbook to submit these requests. P&S requests must be assigned an individual priority ranking. The combined department and college/unit contributions to the individual's salary increase must equal at least 3%. **These requests are due to the Office of the Executive Vice President and Provost no later than 4:00 p.m. on Tuesday, May 27, 2008.** Allocation decisions will be conveyed by June 9.

Please contact Ellen Rasmussen or Connie Bates with questions.

Summary of Dates

May 14	Compensation policies distributed
May 20, 4:00 p.m.	Requests for departmental allocations to improve faculty salaries
May 27, 4:00 p.m.	Requests for individual P&S staff member salary increases
May 27	Decisions on departmental allocations communicated to deans
June 2, 4:00 p.m.	Requests for individual faculty salary increases
June 9	Decisions on individual faculty salary increases communicated to deans Decisions on individual P&S salary increases communicated to deans and vice presidents
June 16	Summary report on funds transferred between faculty and P&S salary allocations Summary report on funds reallocated within departments and colleges for faculty and staff salary increases
June 20	Report on how departmental allocations were applied to individual faculty salaries

Please submit all requests and reports electronically to Ellen Rasmussen with a copy to Connie Bates.

Atts. (2)

C: Gregory Geoffroy
Ellen Rasmussen
John McCarroll
Financial Officers Group
Gregory Palermo, Chair, Faculty Senate Resource Policies and Allocations Council
Kevin Kane, Chair, Professional & Scientific Council University Planning and Budget Committee
University Budget Advisory Committee
Virtual Budget Office