



UNIVERSITY OF MARYLAND

OFFICE OF THE PRESIDENT

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May 22, 2017

MEMORANDUM

TO: Mary Ann Rankin, Senior Vice President and Provost
Linda Clement, Vice President for Student Affairs
Carlo Colella, Vice President for Administration & Finance
Eric Denna, Vice President and Chief Information Officer
Mike Poterala, Vice President and General Counsel
Amitabh Varshney, Interim Vice President for Research
Brian Ullmann, Acting Vice President for University Relations
Michele Eastman, Assistant President and Chief of Staff

FROM: Wallace D. Loh, President *Wallace D. Loh*

SUBJECT: FY 2018 Salary Guidelines

The FY 2018 USM Compensation Guidelines from Chancellor Caret are enclosed for your reference. The guidelines apply to all sources of funds available to the institution, to all faculty and staff, including part-time and contingent personnel, and to all proposed salary increases through FY 2018. The only categories of compensated individuals exempted from the guidelines are adjunct faculty, graduate assistants, fellows, post-docs and student employees.

Please distribute and discuss the guidelines with the unit heads in your divisions, including our campus-specific restrictions, and disseminate the information to the appropriate personnel.

I highlight the following features of the salary guidelines that take effect July 1, 2017 and continue through FY 2018:

1. The FY 2018 appropriation does not include merit increases.
2. The FY 2018 appropriation does not include a Cost of Living Adjustment (COLA) increase.
3. We will be allowed to provide salary increases necessary to retain faculty and operationally critical staff. The President must approve all proposed faculty retention increases and any proposed retention increase for a staff employee with “vice president” or “dean” in his /her title.
4. Pursuant to guidelines established by each divisional vice president, equity adjustments may be granted, subject to the approval of the appropriate vice president. The President must approve any proposed equity adjustment for an employee with “vice president” or “dean” in his /her title.

5. The President must approve all total salary increases, including all of the above-listed elements, of greater than 10%. Promotions are excluded.
6. The Maryland Minimum Wage Act of 2014 increases the minimum wage of all Maryland workers to \$9.25 per hour as of July 1, 2017. The new minimum wage will apply to all campus employees, including student employees and general assistants, as of this date.

Salary Structures

- A. Exempt Salary Structure. The current salary structure, implemented on January 1, 2017, remains in effect through June 30, 2018.
- B. Nonexempt Salary Structure. Effective July 1, 2017, the Board of Regents approved a 5.6% increase to the current nonexempt salary structure. All nonexempt staff, including contingent I and II employees and staff members on probation, will have to meet the minimum salary of the appropriate range in the revised nonexempt salary structure.

FY 2018 Salary Setting Guidelines

Salary adjustments are appropriate for promotions and reclassification, equity, and retention of faculty or operationally critical staff.

Please ensure that salaries for new employees do not create significant salary inequities when compared with salaries of current faculty or staff.

The appropriate Vice President, prior to review by the President, must approve all proposed retention and equity increases, as well as total salary increases of greater than 10%. Please note that certain salary requests also may require approval by the President.

Requests requiring salary approval should utilize the Salary Increase Form and be forwarded to the appropriate Vice President's Office. As needed, please forward signed request forms to the Office of the President for final approval.

Retention Increases for Faculty and Staff Our ability to continue offering retention increases to faculty and operationally critical staff is the result of the restraint we exercised in using this option for the last several years. **The judicious use of retention increases is equally as important in FY 2018.**

- A. Faculty Retention: Salary increases for faculty retention must be written and submitted to the Office of the Senior Vice President and Provost for approval and then forwarded for recommendation to the President. Please use the online *Salary Increase Request form* on the Electronic Forms menu on www.ares.umd.edu to request approval. Faculty should not be notified of the proposed FY 2018 salary before the recommendation has received presidential approval. To support a retention adjustment, the justification must include one of the following:
 - A written offer to the faculty member from another institution; or
 - Written evidence, including email or other correspondence, that the faculty member is being recruited seriously by another institution at a compensation level likely to exceed the faculty member's current compensation; or

- Documentation that in recent years the department has experience with retention programs which result in the loss of a valuable faculty employee, if a retention adjustment is not made; or
- Other strong evidence that the institution is in imminent risk of losing a faculty member in the absence of a retention adjustment.

B. Staff Retention: A limited number of staff retention increases will be granted in FY 2018. To support a retention request, the justification must include one of the following:

- A written offer of employment from an external employer; or
- Written evidence, including email or other correspondence, that the employee is being recruited seriously by another employer or a search firm for an employer, at a compensation level likely to exceed the employee's current compensation; or
- Attestation from the department head or other strong evidence and reasonable certainty that the staff person is being actively recruited and preemptive action is necessary in order to avert the employee's imminent departure.

The staff employee and/or position must be deemed "operationally critical" defined as:

- The employee has specialized and/or unique skills or experience that cannot be replicated without hiring a replacement at a higher salary; or
- The vacating of the position would cause significant disruption to the critical operations of the unit, or cause a loss of federal or other external funds, or compromise the institution's ability to compete for sponsored research grants or contracts; or
- The position has experienced retention challenges in recent years.

A staff retention offer is limited to match the amount of a formal external job offer, or, if preemptive, the retention is no more than 12% increase of the employee's current base salary.

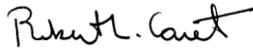
To request approval for a staff retention increase, the chair or director must complete the *Salary Increase Approval form* located at www.uhr.umd.edu and route it through its college and/or division to the appropriate Vice President, who will review the rationale to determine if the eligibility criteria is sufficiently met. If approved, the Vice President will forward the request on to the appropriate Assistant Vice President for Human Resources for approval. Retention increases for staff with "vice president" or "dean" in their title will be recommended by the appropriate Vice President and reviewed for final approval by the President.

The Assistant Vice President for Human Resources is required to report staff retention offers and other significant salary adjustments to the USM on a regular basis. These reports are subject to review by Maryland's Department of Legislative Services. Any questions regarding staff retention offers should be directed to Ms. Jewel Washington at x55648 or jmwashin@umd.edu.

WDL/mae

Enclosure 1 – *FY 2017 USM Salary Guidelines*

OFFICE OF THE CHANCELLOR

To: USM Presidents
FROM: Robert L. Caret, Chancellor 
DATE: May 16, 2017
RE: FY 2018 USM Compensation Guidelines

I. Introduction

With the completion of the General Assembly's 2017 Session, we are now able to provide guidelines for the compensation of faculty and staff of the University System of Maryland (USM) in Fiscal Year 2018. Unfortunately, the FY 2018 budget does not provide for COLA or merit increases. Thus, we are left with limited tools to improve compensation, with positive developments including:

- The General Assembly has placed no restrictions on the ability of institutions to provide for retention, equity and other necessary increases to faculty and staff during the coming fiscal year. We believe that the flexibility afforded to us by the General Assembly in the coming fiscal year is in large part the result of the good judgment and restraint that you demonstrated in administering the compensation program through the previous years. It is important that we remain similarly judicious in providing discretionary increases in FY 2018.
- An adjustment to the Nonexempt salary structure that provides modest increases to nonexempt employees currently paid at rates lower than the minimum salaries in the adjusted FY 2018 structure.

The following mandatory guidelines take effect July 1, 2017 and continue through the fiscal year. They are intended to implement the State Budget requirements related to employee compensation that will arise in FY 2018. Each President may establish institutional guidelines consistent with this document and related USM policies to ensure their appropriate administration on your campus and to address compensation processes, issues or collective bargaining requirements specific to your institution.

II. Scope

These guidelines apply to all USM Faculty and Staff employees in Regular or Contingent I or II status, regardless of the source of funding for the employee's position. The only categories of compensated individuals exempted from these guidelines are adjunct faculty, graduate assistants, fellows, post-docs and student employees. Nonetheless, each institution is encouraged to consider appropriate increases in the compensation and/or stipends of these groups of employees and students.

III. Guidelines

A. Merit Increases

No merit increases were authorized by the General Assembly.

B. FY 2018 Cost of Living Adjustment

No Cost of Living Adjustments were authorized by the General Assembly.

C. Salary Structures

1. Nonexempt Staff Salary Structure: On April 21, 2017, the Board approved adjustments to the USM's Nonexempt salary structure effective July 1, 2017, which will provide for 5.6% increases to the structure that is currently in place. Adjustments are to be made to increase salaries of employees (including Contingent I's and II's, and staff members on probation) whose July 1 salaries are less than the minimum salaries in each range.
2. Exempt Staff Salary Structure: The Structure implemented in January 1, 2017 will remain in effect through June 30, 2018.

D. Minimum Wage

The minimum wage for all Maryland workers will increase to \$9.25 per hour starting July 1, 2017. The new minimum wage will apply to all USM employees, including student employees and general assistants, as of this date.

E. Unauthorized Compensation Increases

The following compensation increases are not permitted in FY 2018:

1. Cost of Living Adjustments (COLAs);
2. Merit Increases;

3. Contract Renewal Increases: Any salary increase related to the renewals of contracts for contractual faculty and Contingent Staff employees not otherwise authorized by these guidelines;
4. Non-Cumulative Cash Bonuses: An institution may not award a non-cumulative cash bonus as described in BOR Policy VII-9.20, Section XVI. A and B; or
5. Non-Salary Taxable Compensation: Increases in non-salary taxable compensation (e.g., housing and car allowances, and deferred compensation contributions) unless authorized by the President and approved in advance by the Chancellor.

F. Types of Compensation Not Restricted by the Guidelines

1. Retention
2. Variable Compensation Programs for Faculty

Institutions with established Faculty incentive programs (e.g., Total Approved Salary) related to externally funded contracts, grants, and clinical services may increase compensation up to the previously established ceiling, as appropriate and governed by institutional policy and procedures. The incentive program ceiling for an individual cannot be increased. Additional State and auxiliary funds may not be used to fund additional compensation under this option.

For employees who are compensated with direct Veteran's Administration (VA) payments, the Total Approved Salary may reflect adjustments made to the VA component as required by the VA.

3. Equity increases; for example, increases required to comply with federal and state equal opportunity employment laws;
4. Reclassifications;
5. Promotions;
6. Payment for additional duties, such as summer and winter term teaching, overload teaching, on-call or clinical coverage, and temporary service in an acting capacity; and
7. Awards, including Board of Regents awards for staff and faculty, and institution service and other awards.

G. Other Salary Adjustments

Other compensation adjustments generally should not be made during the fiscal year. When justified (e.g., supplemental compensation for contractual employees for health coverage cost increases), salary adjustments may be made. Any such adjustments should be included in the institution's periodic report to the Chancellor.

IV. Required Reports

The following reports are required in FY 2018 and should be sent to HR Officer Tom Hoffacker in the USM Office, no later than Monday, July 17, 2017, unless otherwise stated.

- A. **President's Affirmation Letter.** Affirms that the salary and compensation actions taken for FY 2018 are consistent with the guidelines established herein, with the President's signature.
- B. **Periodic Report of Significant Salary Adjustments.** Provides itemized details of significant Faculty and Staff employee salary adjustments, to include salary adjustments for Exempt Status Staff and Faculty members that result in a cumulative compensation increase of 10% or more during/over the course of FY 2018.

For FY 2018, Periodic Reports of Significant Salary Adjustments will be required on:

- December 15, 2017: For increases effective from July 1 to November 30, 2017.
 - July 20, 2018: For increases effective from December 1, 2017 to June 30, 2018.
- C. **Updated List of Institution Key Staff Employees.** This must include, at a minimum, institution officers, direct reports to the President, and individuals whose contracts or other compensation agreements that fall under the USM Policy on Review of Certain Contracts and Employment Agreements, containing compensation data for FY 2017 and FY 2018.

Suggested reporting formats for each of these reports, an affirmation letter template, and other guidance will be provided by May 22. If you have any questions regarding these guidelines and reporting requirements, please contact Tom Hoffacker at (301) 445-1967 or via email at thoffacker@usmd.edu. Thank you.

cc: Joseph F. Vivona, COO/VCAF
Vice Chancellors
Vice Presidents for Administration
Provosts and Academic Vice Presidents
Janice Doyle

Carolyn Skolnik
Tom Hoffacker
Lorri McMann
Monica West