

HUMAN RESOURCES ADMINISTRATIVE MANUAL  
CLASSIFICATION, COMPENSATION, AND PAYROLL: SALARY INCREASE ADMINISTRATION PROCESS



UNIVERSITY SYSTEM  
OF GEORGIA

# Salary Increase Administration Process

## CITATION REFERENCE

<b>OFFICIAL TITLE</b>	POLICY ON SALARY INCREASE ADMINISTRATION PROCESS
<b>VOLUME</b>	HUMAN RESOURCES
<b>RESPONSIBLE OFFICE</b>	USG HUMAN RESOURCES OFFICE
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## Policy Statement

Salary and wage adjustments will generally be awarded to employees in the University System of Georgia (USG) upon promotion to a higher-level position, upon reclassification to a higher-level position, when an equity or administrative adjustment is deemed necessary, or on an annual basis provided performance warrants the adjustment.

The annual increase may be in the form of a merit increase or Cost of Living Adjustment (COLA) and developed in conjunction with the budget development process.

Equity adjustments may also be developed in conjunction with the budget development process.

All adjustments are contingent upon available funding.

This policy ensures consistency in compensation practices across Institutions within the University System, while affording the appropriate level of flexibility needed at the Institutional level. Salary adjustments must follow USG policies, approved Institutional compensation plans, policies, and state and federal regulations and laws.

## Applicability

All units of the USG are covered by this policy.

## Who Should Read This Policy

All Human Resources staff and hiring managers within the USG should be aware of this policy.

## Definitions

These definitions apply to these terms as they are used in this policy:

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- **Salary Range:** The Institutionally approved pay range for a position, usually designated by a minimum salary amount and a maximum salary amount.

## Process and Procedures

### Annual Salary Adjustments

Each year, the USG Office of Fiscal Affairs issues a salary administration statement that provides guidelines for awarding salary adjustments for that fiscal year.

Salary adjustments such as Merit increase or Cost of Living Adjustments are normally authorized at the beginning of a fiscal year and are subject to salary limitations and guidelines established each fiscal year.

- Merit Increases
  - Annual salary increases may be merit-based, reflecting each employee's performance as evaluated by their supervisor.
  - Merit increases will generally be distributed on a percentage basis around the average percentage increase as provided for by state appropriations.
  - Merit Increases that exceed the range established by the salary administration statement must be documented on an individual basis.
- Cost of Living Adjustments (COLAs)
  - A COLA refers to an across-the-board wage and salary increase designed to bring pay in line with increases in the cost of living to maintain real purchasing power. COLAs are typically measured using the Consumer Price Index (CPI).
  - COLA adjustments may be provided if approved as part of the state budget for that Fiscal Year. These adjustments are subject to guidelines and funding availability, as provided for in the state appropriations, and may be administered as a flat rate or % of base salary.

In addition to the annual salary adjustments above and subject to Board policy, Institutions may make salary adjustments for promotions, reclassifications, special pay increases, or administrative adjustments as outlined below and subject to funding availability. Such adjustments may be subject to Advanced Salary Increase Approval (ASI) See BOR Policy Manual regarding Compensation Policy.

- Promotional Increases/Reclassifications
  - When an employee is promoted or reclassified to a higher classification, the employee will normally be awarded a promotional/reclassification increase. The actual increase decision should consider relevant factors such as internal pay relationships and the individual's qualifications and experience for the position. Promotional and reclassification increases are subject to the availability of funds. An employee who receives a promotion (either by taking on a new job or by reclassifying the employee's

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current job to a higher salary grade) should receive a salary increase to at least the new pay range minimum when the promotion becomes effective.

- Promotional increases above 10 percent, or the minimum of the new pay range, will require additional justification and review and approval by HR.
- Increases will be capped at the pay range maximum and are subject to management review and approval, department budget and Human Resources.
- Special Pay Increases
  - Special pay increases are salary changes outside of the normal salary programs (promotions, reclassifications, retention, merit, etc.) to remedy salary issues. Special pay increases refer to increases based on internal and external market salary pressure in high demand skills, internal equity, salary compression, and/or retention considerations, and counteroffers. Justification must accompany a department's requests for such adjustments, including specific outside salary offers in cases of retention, or a specific analysis of salary relationships in cases of correcting salary inequities. The increase request should consider relevant factors such as internal pay relationships and the individual's qualifications and experience.
  - The recommended salary (for faculty and staff) is subject to HR review. Official Institution HR sanctioned salary survey data and the employee's personnel record, experience and credentials will be evaluated.
  - Increases will be capped at the pay range maximum and are subject to management review and approval, the relevant department's budget, and Human Resources.
- Administrative Adjustments
  - In order to correct an administrative oversight, and subject to funding availability, the Chief Human Resources Officer (CHRO) or their designee may approve a corrective adjustment to an employee's rate of pay.

#### Advanced Salary Increase Request (ASI)

Employee compensation adjustments are an Institutional decision and should be consistent with the approved Institutional compensation plan. Institutions may adjust employee compensation as a result of multiple factors including merit adjustments, promotions, position reclassification, counteroffers, retention, in-range adjustments, etc. as outlined above. At times, these approvals may require additional institutional level or system office approval.

#### ASI System Office Approval

Cumulative fiscal year (FY) salary adjustments that are equal to or greater than ten percent (10%) above the annual salary adjustment authorized in USG's salary and wage adjustment guidance, and result in a salary of \$125,000 and above, require advanced approval by the Chancellor or Designee. Limited exceptions to this policy are outlined below.

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Request for approval by the Chancellor may be submitted to the USG Office of Human Resources via the online Advanced Salary Increase request form.

Exceptions to System Office Approval. Advanced salary increases that meet the criteria below do not require the Chancellor's approval.

- If the cumulative Fiscal Year adjustment is less than 10%, it does not need the Chancellor's approval.
- If the cumulative Fiscal Year adjustment is equal to or greater than 10% but results in a salary below \$125,000, it does not need the Chancellor's approval.
- If the increase is equal to or greater than 10% and results in a salary over \$125,000, but is the result of a competitive recruitment and selection of an internal candidate, or is a promotional increase, and the recommended salary meets the following criteria:
  - The resulting salary is at or below the midpoint of the pay grade of the new job classification, it does not need the Chancellor's approval.
  - For non-pay grade jobs, the recommended salary is at or below the market median (50<sup>th</sup> percentile) of the new job classification, it does not need the Chancellor's approval. The salary survey source must meet regulatory and industry standards and be approved by the Institutions Office of Human Resources (i.e., CUPA HR Salary Survey Data for Faculty and Staff).
- Is for a faculty member moving into an administrative role, in which the salary will convert from a nine-month salary to twelve-month salary if the Institution has a consistent formula for faculty administrative appointment - salary rate conversions. Faculty rate conversions that do not meet the standard process will require additional approval from the Chancellor. Faculty Adjustments must comply with 8.3.12.2 Criteria for Determining Salaries for a Fiscal Year Administrative Employee Returning to an Academic Appointment as a Faculty Member.

Example: An employee is offered a new position in a new pay grade with a minimum of \$100,000, a midpoint of \$130,000 and a maximum of \$175,000. The employee's current salary is \$110,000. The department requests a salary of \$126,500. This is a salary increase of 15 percent and exceeds \$125,000 but does not require advance approval because it is below the pay grade midpoint. This same employee counters with a salary of \$132,000. This is a salary increase of 20 percent, exceeds \$125,000 and exceeds the salary midpoint so the Chancellor's approval is required.

**ASI Presidential Approval**

ASI adjustments that are more than 10% and meet one of the exception criteria above that do not require the Chancellor's approval, must instead be approved by the President or their designee. Such adjustments will be audited on a periodic basis for compliance purposes.

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Each Institution must have policies and procedures in place for the analysis and approval of all salary increases. Documentation must include justification that explains in detail the purpose and amount of the increase requested and approval signatures. The Office of Human Resources will conduct an independent analysis of salary survey data, internal equity considerations, recruitment, retention, and turnover statistics and compile and analyze any additional information considered beneficial in determining whether there is sufficient justification for approval of the request.

#### Reporting Requirements

All cumulative fiscal year adjustments approved at the Institution which are greater than or equal to ten percent above the USG's authorized annual salary percentage increase wage guidance must be reported on a quarterly basis to the USG Office of Human Resources.

- Reporting requirements:
  - Institution Name
  - Employee Name
  - Current job title, pay grade range (min, mid, max), and salary.
  - New job title, pay grade range (min, mid, max), and salary.
  - Internal median salary for the job classification
  - External salary survey market median salary/50<sup>th</sup> percentile for the job (as applicable and approved by HR)
  - Reason for increase (promotion, reclassification, compression, retention))
  - A documented HR analysis is required on all ASI request for faculty and staff and must include relevant factors (i.e., key factors in determining the salary amount, employee credentials in comparison to minimum qualifications, internal salary compression and equity considerations, relevant salary survey data).

#### Summary

Good compensation practices are needed to attract and retain good employees. When determining salaries, several factors should be taken into consideration, including but not limited to internal alignment and equity, external market conditions, job responsibilities and required qualifications.

Before employing an individual at a rate higher than the entry level salary, Institutions are strongly advised to review the salary levels of all other current employees in the same or similar classifications.

Institutions are authorized to develop and administer a wage and salary administration program for utilization at the Institutional level to ensure consistency in applying this policy.

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Each Institution shall establish procedures to implement this policy.

Changes to Legislative Appropriations

The Board receives an annual appropriation from the General Assembly for all phases of its operations. This appropriation may be increased or decreased by the Legislature or the Governor during the period of any fiscal year. Expenditures for operation of the University System are therefore necessarily contingent upon legislative appropriations. If the General Assembly or the Governor at any time reduces the amount of funds appropriated to the Board, the compensation of all employees and other operating expenses may therefore be correspondingly reduced. It shall, however, be the intent of the Board to maintain current salary commitments as far as possible to every employee, and the Board will exert its composite influence and best efforts to that end (BR Minutes, 1976-66, p. 184).

Responsible Parties and Contact Information

<b>Party</b>	<b>Responsibility</b>	<b>Phone/Email/URL</b>
<b>Vice Chancellor for Human Resources, USG</b>	Maintain policy, provide guidance to Institution human resources officers on effective utilization of policy, and monitor campuses for compliance.	404-962-3235 <a href="mailto:usg-hr@usg.edu">usg-hr@usg.edu</a>
<b>Institution Chief Human Resources Officers</b>	Ensure all hiring managers are aware of the policy. Provide guidance management on appropriate application of the policy. Ensure that an appropriate process or Institutional level policy is in place to facilitate fair and equitable evaluations of requests to extend offers above the minimum of a salary range. Ensure requests are properly evaluated and administered in accordance with policy and applicable federal and state laws. Ensure appropriate documentation is maintained when necessary.	See University System <a href="#">HR Officer Listing</a>
<b>Institution Payroll Officer</b>		Refer to Institution directory

Website Address for This Policy

- [HRAP on Salary Increase Administration Process](#)

Appendices (Internal Documents, Forms and Web Links)

- [USG HRAP on Classification](#)
- [USG HRAP on Classification Archive](#)

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- [USG HRAP on Promotions](#)
- [USG HRAP on Wage and Salary Administration](#)
- [masterBCAT](#)
- [BOR 8.2.14 Policy on Salary Administration and Incentive Reward Program](#)
- [USG Advanced Salary Increase Request Form](#)

Related Documents and Resources (External)

- None

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