

## Northern Kentucky University Staff Compensation Pool Policy

**Purpose:** The staff compensation pool was created in support of the staff compensation plan to maintain equitable salaries for all staff positions. This funding mechanism allows decisions regarding starting salaries, reclassifications, and range adjustments to be based on the fair and equitable treatment of all staff employees. By providing central funding, managers can work with the Human Resources Department to determine fair and equitable compensation for individuals independent of the funds available in their unit. However, funding from the pool may be limited based on the availability of university resources to commit towards this objective in a given year.

This policy governs the use of funds from the staff compensation pool. The policy applies to all base funded positions. All staff compensation adjustments approved for non-base budgeted positions are required to be funded from the position's funding source. For example, if the Human Resources Department determines a job classification is to be reclassified to a higher pay range, any associated pay increases for a non-base budgeted position in the job classification must be funded from the position's funding source. In addition, all associated pay staff compensation actions required for grant funded and contract positions must be taken no later than the beginning of the next fiscal year or the contract / grant renewal date.

**Policy:** The staff compensation pool will be budgeted annually in a separate account to be managed by the Human Resources Department. Allocations from the account must be approved by the Human Resources Department following the guidelines of this policy. Funds may be used for the following purposes:

- Hiring above the target market rate

All staff positions vacant in the original budget will be budgeted at the position's target market rate as determined by the Department of Human Resources.

If a staff position is vacated during the fiscal year, the recurring budget for the position will immediately be set to the target market rate for the position. Once the position is filled, the recurring budget will immediately be set to the starting salary of the hire.

To ensure fair and equitable salaries across the university and prevent discrimination, all starting salaries must be set following Human Resources' established guidelines and procedures. In addition, starting salaries in excess of the target market rate must be recommended and approved by the Human Resources Department.

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New base funded positions created through reallocation must be funded in their entirety with reallocated funds. The amount of funding needed is the higher of the starting salary of the hire or the target market rate for the position plus benefits. However, to maintain the integrity of the university's compensation structure, starting salaries for these positions must be set following Human Resources' established guidelines and procedures. In addition, starting salaries in excess of the target market rate must be recommended and approved by the Human Resources Department.

The staff compensation pool will be managed by the Human Resources Department to ensure sufficient funds are available for hiring at the Human Resources recommended starting salary throughout the year.

- **Reclassifications**

The staff compensation pool will fund recurring salary increases which occur as a result of position reclassifications that are recommended and approved by the Human Resources Department. Position reclassifications funded by the pool can either be person specific, where an individual has been given more responsibility than their current position is classified for, or position driven based on market equity factors. Any reclassifications based on market equity factors must be based on a formal, comprehensive market study.

Vacant position reclassifications must be approved by the Human Resources Department and will not be funded from the staff compensation plan. These reclassifications may be funded through reallocation, an expansion request in the budget process, or special authorization by the President. If a vacant position reclassification results in savings, those savings will remain with the Division.

The Human Resources Department will report all recommended and approved reclassifications to the Executive Team. In addition, an authorized approver may request Presidential review of any large scale, position driven reclassifications prior to their approval.

Funding for reclassifications are subject to the availability of funds in the staff compensation pool, with consideration given to ensure adequate funds are available for new hires throughout the remainder of the fiscal year. If funds are not available in the current fiscal year, the Department

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of Human Resources will submit a request through the budget process to fund the specific reclassification(s). In addition, any reclassifications approved after the operating budget personnel action cut-off date will not be effective until the next fiscal year and will be funded from the next fiscal year's compensation pool.

- Equity adjustments

Funding will be provided from the staff compensation pool for competency based adjustments within the current range for a staff member. If funds are not available in the current fiscal year, the Department of Human Resources will submit a request through the budget process to fund the specific market adjustment(s). Any equity adjustments approved after the operating budget personnel action cut-off date will not be effective until the next fiscal year and will be funded from the next fiscal year's compensation pool. This cut-off date will be communicated annually by the Budget Office.

### Procedure:

All references to position budgets throughout this document refer to changes in the recurring budget of the position. No funds will be provided in the current operating budget as a result of these actions. Exceptions will be granted for Divisions demonstrating that salary savings are unavailable to cover funding needed during the fiscal year as a result of approved recurring allocations from the staff compensation pool.

The Vice President for Administration & Finance will submit to the Budget Office an annual budget request for any base adjustment to the central staff compensation pool. Updated central staff compensation pool balance reports will be made available on a regular basis.