



Administrative Guidelines for Compensation Management For Exempt Staff (Revised 10.17.19)

Summary of non-substantive changes since 10.17.19:

Section	Summary of Change	Date
6 – New Hire Guidelines, item 6 (revised) and item 8 (new)	Above mid-point starting salary will be approved by Director of Employment and Compensation Services. Decisions may be appealed through the AVP of HRS.	3/18/2024

Contents

1.	Introduction.....	1
2.	Compensation Philosophy	2
3.	Salary Ranges	4
	-Overview	4
	-Green and Red Circled Rates	4
4.	Classification and Position Descriptions	6
5.	Position Management	7
	-Position Evaluation	7
	-Establishment of a New Position	8
	-Vacant Position Elimination.....	9
	▪ Reclassifications	9
	-Vacant Position Reclassifications	9
	-Filled Position Reclassifications	10
	-Reclassifications - Salary Adjustments.....	11
	-Appeals	11
6.	New Hire Guidelines– Competitive Appointments.....	13
	-Overview	13
	-Establishing hiring rates for internal candidates.....	14
	-Higher level	14
	-Same level.....	14
	-Lower level	14
7.	Reassignments.....	15
	-Voluntary or Involuntary, Negotiated and Non-Competitive.....	15
8.	Salary Increases	16
	-Annual Salary Increases	16
	-Merit Increases	16
	-Market Based Salary Increases	17

-Retroactive Salary Increases	17
9. Equity Adjustments	18
10. In-Range Adjustment	18
11. Discretionary Pay: Adjustments and Differentials	20
-Overview	20
-Base Building Adjustments	20
-Counter Offer/Retention	20
-Temporary Non-Base Building Differentials	21
-Interim Assignment	21
-Acting Assignment	22
-Compensation for Additional Duties - Hardship	22
-Long-Term Assignment.....	23
12. Additional Compensation	24
13. Recognition of Employees Earning Degrees	25
14. Miscellaneous Topics.....	26
-Externally Funded Positions	26
-Employment Contracts.....	26
-Part-Time Regular Employees	26
-Administrative Guidelines for Compensation Management Amendments or Termination	26
15. Glossary of Terms	27

1

Introduction

- 1) Compensation practices are intended to be effective tools in addressing campus business needs. The following guidelines are designed to assist managers when making pay decisions for Regular Exempt staff and to be reasonable and flexible to meet the changing business needs of New Mexico State University (NMSU). The following should be considered when making compensation decisions:
 - a) The college/division is responsible and accountable for compensation decisions made within the unit.
 - b) Decisions by appointing authorities must be based on justifiable business reasons to ensure compliance with NMSU policies, state and federal laws.
 - c) Similarly situated parties must be treated in a consistent manner.
 - d) Compensation changes must be funded within existing budgets.
 - e) All changes in compensation require documentation and approval by the designated authority.

2

Compensation Philosophy

- 1) NMSU is committed to providing a fair and competitive compensation program that will attract, retain, develop, and reward staff. The University's goal is to provide a competitive total compensation package tied to the application of knowledge and skills and the achievement of organizational goals. In addition, the compensation program will comply with all applicable laws.
- 2) The compensation philosophy for NMSU is based on a commitment to hire and retain qualified, motivated employees at all levels within the organization while meeting the needs of the University. This philosophy is the foundation of NMSU's compensation system and is designed to support the successful attainment of the university's vision, mission, values, and institutional objectives.
- 3) NMSU aspires to support our values through a compensation program that provides:
 - a) Competitive salary ranges to enable the recruitment and retention of qualified employees.
 - b) A performance planning and common review process that works to develop the abilities of each employee and provide the feedback necessary to ensure their success.
 - c) Administrative systems that are designed to systematically and equitably manage pay on a University-wide basis, yet allow the flexibility needed to be effective in a dynamic and ever changing environment.
 - d) Communications that will support a general understanding of compensation programs throughout the University.
- 4) It is the objective of the University to ensure that the compensation plan is fair, internally equitable, externally competitive, links pay to performance, and is widely understood and accepted by those it affects. The objectives are as follows:
 - a) To be Fair - A plan that is fair to both the individual and the University.
 - b) To be Internally Equitable - A fairness criterion that directs an employer to establish wage rates that correspond to each position's relative value to the organization, which may include consideration of experience, education, and skills.
 - c) To be Externally Competitive - Specific to a particular classification, and the "market" for the skills needed. Pay ranges that are comparable to those offered by local and regional (typically southwestern United States) employers for similar positions.
 - d) To Link Pay and Performance - Individual performance, organizational performance, and the needs of the University will all be considered when determining pay.
 - e) To be Understood and Accepted - A commitment by the University to communicate and maintain a compensation program based on transparency.
- 5) The guidelines on the following pages are meant to help managers and employees understand in general terms the parameters and processes involved in salary administration

as it relates to regular, exempt NMSU staff. If after studying these guidelines you have specific questions or concerns on particular topics, you may contact your HR Liaison or your Human Resource Services (HRS) Business Partner.

- 6) NMSU does not discriminate on the basis of age, ancestry, color, disability, gender identity, genetic information, national origin, race, religion, retaliation, serious medical condition, sex (including pregnancy), sexual orientation, spousal affiliation, or protected veteran status in its programs and activities as required by equal opportunity/affirmative action regulations and laws and university policy and rules.

3

Salary Ranges

Overview

- 1) One of the key components of a salary administration program is a salary structure. A salary structure is simply a hierarchy of position levels and salary ranges established within an organization. The salary structure at NMSU is expressed in terms of pay levels.
- 2) A salary range is the range of pay rates from minimum to maximum, established for a pay level that reflects the labor market. The development of salary ranges involves the comparison of the University's internal evaluation of the positions coupled with external salary data. This salary data is gathered and updated through industry specific surveys of companies and Universities with similar pay programs and practices.
- 3) The goal of the University is to maintain a system of salary ranges that is competitive for all position families and hierarchical levels within the University. NMSU's salary ranges, including single classification or classifications series within a position family, are evaluated every third year using salary survey data. If the University determines that special classification considerations are necessary, such modifications will be made at the sole discretion of the University.

Green and Red Circled Rates

- 1) As a general rule, employees will be hired at no less than the minimum of the pay level assigned to the classification and no greater than the maximum of the assigned range.
- 2) Red-circled rates are individual salaries that are above the maximum limit of the pay level salary range for that position. Employees in red-circled positions will be eligible for cost of living and merit increases as defined in *Section 8 Salary Increases*. Situations resulting in a red-circled position may include:
 - a) Employee with very long tenure in a particular position and position level.
 - b) Employee who has been demoted or whose position has been eliminated and the employee has been transferred to a lower position.
- 3) Green circled rates are individual salaries that are below the minimum limit of the pay level salary range for that position. Employees in green-circled positions will be eligible for cost of living and merit increases as defined in *Section 8 Salary Increases*. Situations resulting in a green-circled position may include:
 - a) A position that is difficult to recruit for has been filled with a candidate that did not meet the necessary qualifications. The employee was hired below the minimum of the range and was placed on a professional development plan to achieve the required qualifications.

Hiring Managers should consult with their HR Liaison or HRS Business Partner for available options regarding these types of situations.

4

Classification and Position Descriptions

- 1) Classification Description - A classification description groups jobs together that have similar functions and responsibilities; and also places jobs into the appropriate job family.
- 2) Position Description - A position description may be customized to include specific duties associated with a job. These specific duties allow the candidate/incumbent to better understand his/her individual job duties.
- 3) Every position at the University is documented with a position description. Position descriptions are available through HR Liaisons or the HRS Service Center and should:
 - a) Identify the essential functions performed by individuals in the position,
 - b) Outline the major duties of the position,
 - c) Specify reporting relationships, and
 - d) Describe the qualifications and skills required for the position.
- 4) The position description is important for decisions on recruiting, pay for performance management, and legal compliance.
- 5) Before any recruiting activity or position posting of an existing position, the appropriate administrator must ensure that the position description is complete and accurate.
- 6) Additionally, position descriptions should be reviewed and updated, if needed as part of the annual performance evaluation cycle.

5

Position Management

- 1) Position management is a significant aspect of each supervisor and manager's personnel management responsibility. It is the process of determining the type of organizational structure that is required to fulfill the goals assigned to a particular unit; how many positions are needed, and how positions and the relationships amongst them should be structured in order to function efficiently and economically.
- 2) The position management options available to administrators are:
 - a) Position evaluation
 - b) Establishment of new positions
 - c) Position elimination
 - d) Request to reclassify vacant positions
 - e) Request to reclassify filled positions
 - f) Request changes to reporting structure

Position Evaluation

- 1) A position evaluation is the process whereby the level of a position within the organization is established. The position duties are the basis for a position evaluation. The position evaluation consists of assigning a classification with an established pay level to the position. The position evaluation methodology used to establish relative worth is a market pricing and slotting approach that focuses on the following components:
 - a) External Value: HRS reviews and analyzes published competitive salary survey information. The analysis takes into consideration strength of position match, company size, industry, geography, and ownership.
 - b) Internal Value: HRS reviews and analyzes the information provided to determine the position's scope, complexity, and potential impact to the University as well as specific factors such as the skills and responsibilities required to successfully perform the position.
- 2) When establishing a position, issues of internal equity are considered. Internal equity is defined as fairness in the relationship of a position's salary range when compared with the salary ranges of similar positions within the organization. The salary range for a position is considered internally equitable if the salary is commensurate with the level of responsibility for the position. The salary range represents fair wage rates for the position compared to similar positions at the University.
- 3) HRS determines the level assignment through the evaluation process.
- 4) An incumbent's position should be reviewed if
 - a) the majority (over 50%) of its current primary duties and responsibilities are substantially and demonstrably different from those listed in the description for the classification assigned to the position,

- b) when the department has recognized a need to modify the position duties to better align with the structure of the organization,
- c) or to improve the effectiveness or efficiency of the organization.

In order to initiate the position reclassification process, the appropriate administrator must submit a reclassification action to HRS.

- 5) The description of duties should be prepared by the direct supervisor or incumbent. The appropriate administrator of each department is responsible for the accuracy of the request and the proper approvals as determined by the college/division.
- 6) Criteria for Position Evaluation and Reclassifications. Consideration for position evaluation and reclassification will include:
 - a) Nature of primary functions;
 - b) Scope, level, and complexity of primary functions;
 - c) Relationship of the position to other positions in the department and within the university;
 - d) Supervision, both given and received;
 - e) Exercise of independent judgment; and
 - f) Autonomy and authority related to decision-making and accountability.
- 7) Consideration for reclassification will not include:
 - a) Quantity of work (volume);
 - b) Information relative to the employee's length of service;
 - c) Time spent at a position in salary range;
 - d) Skills/education not related to the position or minimum qualifications; and
 - e) Employee's performance.
- 8) Upon review, HRS will assign the appropriate classification title and salary level and forward the written determination to the college/division. The Department Head/Director or equivalent should discuss the determination with the affected employee(s).

Establishment of a New Position

- 1) A new position may be created:
 - a) When there is a new function to perform;
 - b) Because workload has increased;
 - c) Because there is a need to restructure the work of the organization; or
 - d) Additional funding has been identified to create a position to meet a priority need.
- 2) Requests for new positions require submission of a request and are reviewed based on the funding source as follows:
 - a) Unrestricted I & G Additional Central Funding Requested (provided central I&G funds have been approved/allocated by the Board of Regents): Must be submitted during the position management cycle (March-June) under a single packet submitted by each college/division. Requests for new positions requiring additional central I&G funding are submitted for consideration to the University Budget Committee (UBC). Provided the position budget is approved, HRS evaluates all the information and issues a determination for the appropriate classification based on the information provided on the electronic new position request. Approved requests submitted in-cycle become effective July 1st in the upcoming fiscal year.
 - b) I & G and Non I&G Unrestricted (no central cost): No central cost requests to create new positions may be submitted out-of-cycle if supported by a business need. Approved requests become effective upon approval. Processing times will normally not exceed ten (10) working days.

- c) Restricted: Requests funded by external funds (restricted) are reviewed throughout the year. Approved requests become effective upon approval. Processing times will normally not exceed ten (10) working days.
 - d) Provided the new position budget is approved, HRS evaluates all the information and issues a determination for the appropriate classification based on the information provided on the electronic new position request.
- 3) Requests to replace positions funded by Non I&G funds that were eliminated during the Vacant Position Elimination (VPE) process will be reviewed at any time during the year.

Vacant Position Elimination

- 1) When it has been determined that the duties assigned to a vacant position are no longer needed, the position may be eliminated as a cost reduction strategy or to use position funds on other personnel actions. Note that special rules apply for central funded I&G positions: a different use of this funding must be approved.
- 2) Non I&G position (including those funded from restricted sources) can be eliminated at any time during the year.
- 3) Positions vacant for 12 months or longer are subject to review during the position elimination process by the Budget Office.

Reclassifications

In order to initiate the position reclassification process, the appropriate administrator must submit a reclassification action to HRS.

- 1) The description of duties should be prepared by the direct supervisor or incumbent. The appropriate administrator of each department is responsible for the accuracy of the request and the proper approvals as determined by the college/division.
- 2) Criteria for Position Evaluation and Reclassifications. Consideration for position evaluation and reclassification will include:
 - a) Nature of primary functions;
 - b) Scope, level, and complexity of primary functions;
 - c) Relationship of the position to other positions in the department and within the university;
 - d) Supervision, both given and received;
 - e) Exercise of independent judgment; and
 - f) Autonomy and authority related to decision-making and accountability.
- 3) Consideration for reclassification will not include:
 - a) Quantity of work (volume);
 - b) Information relative to the employee's length of service;
 - c) Time spent at a position in salary range;
 - d) Skills/education not related to the position or minimum qualifications; and
 - e) Employee's performance.
- 4) Upon review, HRS will assign the appropriate classification title and salary level and forward the written determination to the college/division. The Department Head/Director or equivalent should discuss the determination with the affected employee(s).

Vacant Position Reclassifications

- 1) Reclassification of a vacant position: When an employee vacates a position, the same position classification is typically posted to replace the vacancy. If, however, the department has recognized a need to modify the position duties to better align the structure of the

organization or to improve the effectiveness or efficiency of the organization, a reclassification request should be submitted.

- 2) Requests to reclassify vacant positions require submission of an electronic reclassification request and are reviewed based on the funding source as follows:
 - a) Unrestricted I & G Additional Central Funding Requested (provided central I&G funds have been approved/allocated by the Board of Regents): Must be submitted during the position management cycle (March-June) under a single packet submitted by each college/division. Requests to reclassify vacant positions requiring additional central I&G funding are submitted for consideration to the University Budget Committee (UBC). Provided the position budget is approved, HRS evaluates all the information and issues a determination for the appropriate classification based on the information provided on the electronic reclassification request. Approved requests submitted in-cycle become effective July 1st in the upcoming fiscal year.
 - b) I & G and Non I&G Unrestricted (no central cost): No central cost requests to reclassify a single vacant position may be submitted out-of-cycle if supported by a business need to fill the vacancy in a timely manner. Approved requests become effective upon approval. Processing times will normally not exceed ten (10) working days.
 - c) Restricted: Requests funded by external funds (restricted) are reviewed throughout the year. Approved requests become effective upon approval. Processing times will normally not exceed ten (10) working days.

Filled Position Reclassifications

- 1) Reclassification of a filled position:
 - a) An incumbent's position should be reviewed if the majority (over 50%) of its current primary duties and responsibilities are substantially and demonstrably different from those listed in the description for the classification assigned to the position, or when the department has recognized a need to modify the position duties to better align with the structure of the organization or to improve the effectiveness or efficiency of the organization. To be eligible for reclassification to a higher level an employee must have received an overall performance rating of satisfactory on his/her most recent evaluation. HRS will not review requests originating directly from an incumbent employee unless there is signature concurrence from the hiring manager and written support from the Dean/VP/CC President.
- 2) Requests to reclassify filled positions require submission of an electronic reclassification request and are reviewed based on the funding source as follows:
 - a) Unrestricted I & G Additional Central Funding Requested (provided central I&G funds have been approved/allocated by the Board of Regents): Must be submitted during the position management cycle (March-June) under a single packet submitted by each college/division. Requests to reclassify filled positions requiring additional central I&G funding are submitted for consideration to the UBC. Provided the position budget is approved, HRS evaluates all the information and issues a determination for the appropriate classification based on the information provided on the electronic reclassification request.
 - b) I & G and Non I&G Unrestricted (no central cost): Requests to reclassify a single filled position that are fully funded by the department may be submitted out-of-cycle when supported by a critical business need. In order to support a consistent approach to the university budget review process, this type of request should be rare and are discouraged. Processing times will normally not exceed ten (10) working days.

Approved requests submitted in-cycle are processed with an effective date of August 1 in the upcoming fiscal year. Approved requests submitted out-of-cycle are processed with an effective date of the first of the pay period following complete HRS review.

- c) Restricted: Requests funded by external funds (restricted) are reviewed throughout the year. Approved requests are processed with an effective date of the first of the pay period following complete HRS review. Processing times will normally not exceed ten (10) working days.
- d) Departments must wait at least one annual cycle before submitting another request for reclassification unless there are extenuating circumstances as approved by the Dean/VP/CC President and HRS.

Reclassifications - Salary Adjustments

- 1) Reclassification to a higher level:
 - a) A classification review may result in a position being moved to a higher level classification, based on immediate position responsibilities needed in the operating unit.
 - b) An employee in a reclassified position may receive a salary adjustment if the new position assignment is one or more levels higher than the incumbent employee's current level assignment.
 - c) If a pay increase is deemed appropriate for a reclassification, standard practice for the increase is entry of the new level. An amount above entry of the range may be supported, in accordance with Section 6: New Hire Guidelines, based on a review by HRS of the incumbent's qualifications, internal equity and budget constraints.
- 2) Same level reclassification:
 - a) When a position is reclassified to the same level, the employee's new salary rate should be determined based on employee's qualifications in comparison with the minimum requirements of the new position classification in accordance with Section 6: New Hire Guidelines. Positions reclassified to the same level may or may not result in an increase in salary.
 - b) Internal equity, department budget constraints, and employee performance evaluations may be used as factors in salary rate determination.
- 3) Reclassification to a lower level:
 - a) A classification review may result in a position being moved to a lower level classification, based on current and future position responsibilities needed in the operating unit due to a clearly identified critical business need.
 - b) If, according to the Section 6: New Hire Guidelines, it is determined that a decrease in salary is required, the department must provide the employee written notification at least 60 days prior to the implementation of the decrease in pay unless another date is mutually agreed to by both parties. Effective date on these actions will be modified accordingly to meet the notification requirement.
 - c) Base salary shall not be increased on a reclassification to a lower level.

Appeals

- 1) Employees and supervisors may request to appeal the decision by submitting a written request to HRS no later than ten (10) business days after the initial decision notification is received by the college/division representative. Electronic submissions will be accepted if they contain all appropriate signatures as indicated below. Requests for extension of the

- appeal deadline, as supported by an extenuating circumstance(s), must be submitted prior to the end of the initial ten business day appeal period.
- 2) Appeals must be signed by the supervisor and the Dean/VP/CC President. Appeals must point out specific information contained in the reclassification request to support the appeal. New or clarifying information may be considered. Please remember that reclassification submissions and appeals should state the ways in which a position has changed and should not reference an incumbent's performance or longevity. Again, a change in a position's responsibilities will not necessarily result in an upgrade to a higher level classification.
 - 3) Appeals to an exempt level classification will be evaluated by a review committee within thirty (30) days of the appeal deadline (see item 1 above). If necessary, the appealing party may be required to appear in person. Employees and supervisors will be notified of the results within ten (10) business days of the meeting of the review committee. All decisions made by the review committee are final.
 - 4) The review committee will be comprised of one (1) appointed representative at a senior administrative level (Director or above) from each of the following functional areas:
 - Administration and Finance
 - Dona Ana Community College
 - Student Affairs and Enrollment Management
 - Executive Vice President and Provost
 - Vice President for Research
 - Vice President for External Relations
 - HR Services – Compensation Services Specialist (non-voting member)
 - And subject matter expert(s) as needed (non-voting member)
 - 5) An involuntary demotion may not be appealed through this process and would follow the process outlines in the NMSU Policy Manual.
 - 6) The following are types of issues that will not come before the review committee:
 - a) Decisions related to salary
 - b) Decisions related to determination of pay level
 - c) Other requests for compensation, such as requests for:
 - i) In-Range Adjustments
 - ii) Equity
 - iii) Retentions
 - iv) Counter Offers

6

New Hire Guidelines– Competitive Appointments

Overview

- 1) In establishing hiring rates, colleges/divisions shall give consideration to:
 - a) Budget constraints: Has the department budgeted for the proposed salary?
 - b) Competitive recruiting conditions for this field, specialty, skill, etc.: Were there fewer than three qualified applicants?
 - c) External market factors influencing the rate of pay and the University's immediate hiring needs: Are there unusual market conditions?
 - d) Experience and qualifications: Does the selected candidate bring special skills to the position?
 - e) Total compensation associated with the position (i.e. retirement benefits, annual leave, health plans, etc.). What are the salary expectations of the selected candidate?
 - f) Equity - Consider where the proposed salary falls in the range and its relationship to the salaries of other similarly qualified and/or experienced employees in the position classification and department (internal equity): Are other employees in this position classification in your department paid at this level? What is the salary relationship between this position and the position to which it reports?
- 2) The proposed starting salary for exempt positions is submitted by the department hiring manager through the appropriate higher-level authority for review and processing by HRS. No offer of employment may be extended unless it has been reviewed and processed by HRS.
- 3) HRS will conduct a university wide equity review based off the departments requested rate of pay.
- 4) First Quartile (from the minimum up to halfway of the midpoint of the range): The first quartile of the range is usually intended for individuals who are new to the pay level or new to the university, are in a learning situation, and/or do not have substantial directly related experience at the classification level. As a standard, candidates with no or minimal experience should come in at entry of the range. Hiring departments should also consider factors such as internal equity.
- 5) Second Quartile: In establishing appropriate starting rates the hiring department should consider factors such as education and experience beyond the minimum requirements demonstrating a level of proficiency for the position, directly related unique skills and competencies, strength of the relevant job market pool, and internal equity.

- 6) Mid-Point of the Range: No starting salary above the mid-point assigned to the title may be committed to without prior approval from the Director of Employment & Compensation Services. Factors that will be considered are:
 - a) The extent to which the candidate's directly related qualifications, at an equivalent level, exceed the minimum requirements for the position;
 - b) Whether the candidate has achieved recognition of expertise in the field as a result of a combination of education, specialized training, and/or work experience in areas related to the specialty.
 - c) Other unique qualifications and skills.
 - d) Market conditions
- 7) Hiring managers may contact their HRS Business Partner for guidance when establishing salary rates for new employees, including exceptions for established parameters.
- 8) Appeals related to hiring salary decisions will be reviewed by Assistant Vice President of HRS.

Establishing hiring rates for internal candidates

Higher level

- 1) When an internal candidate competes and is selected for a higher level position, the employee's new pay rate must be at least at the new range minimum.
- 2) The department should follow the provisions of Section 6: New Hire Guidelines to determine appropriate placement within the range.

Same level

- 1) When an internal candidate competes and is selected for a position that is at the same level, the employee's new salary rate should be determined based on employee's qualifications in comparison with the minimum requirements of the new position classification in accordance with Section 6: New Hire Guidelines.
- 2) Internal equity, department budget constraints, and employee performance evaluations may be used as factors in salary rate determination.

Lower level

- 1) When an internal candidate competes and is selected for a lower level position, the employee's new pay rate should be determined based on employee qualifications in comparison with the minimum requirements of the new position classification in accordance with Section 6: New Hire Guidelines.
- 2) Internal equity, department budget constraints, and employee performance evaluations may be used as factors in salary rate determination.
- 3) Under no circumstances may an employee receive a pay increase for accepting a lower level position.

7

Reassignments

Voluntary or Involuntary, Negotiated and Non-Competitive

- 1) A reassignment is the voluntary or involuntary movement to a same or lower-level position as a result of an official notification (mediated or otherwise) between the employee and hiring department. Reassignments may occur:
 - a) At the stated request of the incumbent employee to a position that requires performing same level functions or functions of decreased complexity or responsibility; or
 - b) As a result of a reorganization, or reduction-in-force.
- 2) Reassignments – internal college or division
 - a) Internal college or division reassignments (changing position numbers) are submitted through PeopleAdmin. Standard routing and approval process are required.
- 3) Reassignments – from college/division to college/division
 - a) Consultation with Human Resource Services is required. HRS will complete a HR Services Position Transfer Authorization form and route for appropriate signatures.
- 4) In the case of a reassignment treatment of base pay is as follows:
 - a) The employee's new salary rate should be determined based on employee qualifications in comparison with the minimum requirements of the new position classification.
 - b) Internal equity, department budget constraints, and employee performance evaluations may be used as factors in salary rate determination.
 - c) A reassignment rarely results in a salary increase and may result in a salary decrease.

8

Salary Increases

Annual Salary Increases

- 1) Each year an allocation of budgeted funds for pay increases for employees may be considered by the Board of Regents. When approved by the Board, these funds are normally distributed to employees at the beginning of the following fiscal year in an annual salary process.
- 2) HRS, in conjunction with the Division of Administration and Finance, establishes and disseminates University- wide guidelines for the internal distribution of the annual salary allocation approved by the Board, provided such an annual salary allocation is forthcoming that year.
- 3) Employees on approved leave of absence (LOA) may have their increase applied during the leave of absence period.
- 4) Annual Salary Increases may include:
 - a) Cost of living adjustment
 - b) Merit

Merit Increases

- 1) It is the responsibility of the Dean/VP/CC President to distribute the annual allocation in accordance with approved guidelines and established budget parameters.
- 2) Eligible employees may be considered for merit increase based on factors such as:
 - a) The level of employee performance.
 - b) The salary range quartile in which the employee's salary falls.
- 3) Merit increases will normally be processed during the annual review process (see Annual Salary Increases) unless the review date is adjusted. In order to be processed on a timely basis, any merit recommendation must include a completed Performance Evaluation form.
- 4) Employees whose salary is above maximum of the range for their pay level are considered red-circled. Employees in this circumstance will receive merit increase consistent with the process established for other eligible employees.
- 5) Employees whose salary is below the minimum of the range for their pay level are considered green-circled. Under normal circumstances, employees in this situation would receive either larger than average increases (possibly an equity increase) or have accelerated review dates to bring them into their rate range if justified by position performance and employee qualifications.
- 6) Employees who are on a performance related action plan during the common review process are not eligible for an increase.

- 7) HRS and the appropriate administrator must approve all merit increases to ensure compliance with established guidelines, prior to submission for allocation.

Market Based Salary Increases

- 1) As funds are identified, the University may, under isolated circumstances, provide non-standard “off-cycle” salary adjustments to a defined population of employees who are in positions that have been determined by HRS to be acutely market critical to key institutional operations. Such adjustments are made on a case-by-case basis, in response to unusually competitive conditions observed in the external job market for similar positions and the resulting degree of assessed risk to the institution.
- 2) Market-based pay increases are exceedingly rare and are considered to be outside of the normal staff compensation process, except in cases where an increase is required to bring an individual salary up to the minimum of the new pay range. The standard University approach to job market parity is to adjust salary levels for affected position classifications and then to deal with individual compensation issues through the use of the in-range adjustment process (see Section 9: Equity Adjustments), if necessary.

Retroactive Salary Increases

- 1) Retroactive adjustments to rate of pay, wages or salary for work already performed are not permitted under New Mexico law. The only retroactive payments that will be allowed are those required to remediate a prior miscalculation, or other administrative error.
- 2) All decisions relating to the possibility of a base pay adjustment require the proper administrative approvals prior to negotiating, agreeing or notifying the affected employee. All staff pay adjustments require central HRS approval.
- 3) All pay transactions must be submitted with a future effective date. Ideally, pay adjustments should coincide with the beginning of a new pay period.

9

Equity Adjustments

- 1) An equity adjustment may be requested when there is a valid need to increase the base salary for one or more employees in response to one of the following:
 - a) Equity adjustment as a result of a related personnel action: to provide a salary leveling increase to ease compression when longer-term or more experienced employees are paid lower in the range than new hires or less experienced employees. For this purpose, a related personnel action can be defined as a recent recruitment offer, transfer, or reorganization.
 - b) Centrally identified need: The University may apply an equity adjustment to the salaries of certain individuals or groups of employees. While a complete listing of these circumstances is difficult, some situations that may warrant consideration are:
 - i) Competitive market pressures for certain types of skilled employees.
 - ii) Government regulations (i.e. prevailing wage, minimum wage law, etc.).
 - iii) Rapid or large salary range increases.
 - iv) Salary inflation of position specific functions above the norm.
 - v) Change of pay level ranges.
- 2) Equity adjustments should only occur on a very limited basis and strong justification should be provided by the VP/Dean/CC President to help support this type of adjustments.
- 3) Under no circumstances, should equity adjustments be requested to equalize salary inequities that were a result of a previous merit increase.
- 4) An employee must receive an overall performance rating of satisfactory or higher on his/her most recent evaluation.
- 5) Equity adjustments do not take into consideration quantity of work (volume) or skills/education not related to the position or minimum qualifications.
- 6) Salary placement for equity adjustments will be calculated following the same procedures as Section 6: New Hire Guidelines.
- 7) All approvals for equity adjustments are contingent upon identification of appropriate funding.

In-Range Adjustment

- 1) In-range adjustment: to address variances in the employee's salary in relation to the placement within the pay level range and supported by the employee's directly related experience, as measured by years employed by NMSU in the classification. In-range adjustment requests must include consideration of all of the following:
 - a) availability of funding
 - b) employee's job related qualifications
 - c) performance at a satisfactory level

- d) internal equity
- 2) For filled unrestricted funded positions, requests are submitted in conjunction with the annual Budget Cycle.
- 3) In-range adjustments may occur with support of the VP/Dean/CC President, with identification of appropriate funding, by submitting an In-Range Adjustment Request form.
- 4) In-range adjustment determinations are not subject to appeal.
- 5) Requests for an in-range adjustment may be submitted out-of-cycle when supported by a critical business need.

10

Discretionary Pay: Adjustments and Differentials

Overview

- 1) Discretionary pay adjustments and differentials are compensation tools available to hiring managers, with approval from the Dean/VP/CC President to help address critical business needs. They are intended to be a part of the University's commitment to recruit and retain a qualified and diverse workforce. These options include base building and non-base building forms of compensation.
 - a) Base building adjustments constitute a continuous adjustment to an employee's salary.
 - b) Non-base building differentials are temporary in nature and are not a long-term addition to an employee's salary.
- 2) Important Notes on Discretionary Pay:
 - a) Requires approval from HRS.
 - b) Employees are not guaranteed discretionary pay.
 - c) An appointing authority is not obligated to use or award any type of discretionary pay.
 - d) Given the discretionary nature of these compensation tools, there are no grievance or appeal rights, except for discrimination. The only exception is discontinuance of a base-building salary increase.
 - e) There must be an individual written agreement for all forms of discretionary pay between the employee and appointing authority that stipulates the type, amount, duration, and any other terms and conditions associated with the pay adjustment.

Base Building Adjustments

Counter Offer/Retention

- 1) Counter Offer: Salary increase as an incentive not to accept another job, which has been offered to an employee with critical skills and experience. There must be written confirmation of the outside offer. Counter offers should only be considered when retaining the employee is deemed a critical necessity for the department. Increase must be based on comparable market for the job.
- 2) Retention Offer: Salary increase if there is reasonable, documented investment by the University in an employee with critical skills and experience; and it is in the best interest of the university to retain the employee. Increase must be based on comparable market for the job.
- 3) Criteria for Counter Offer/Retention:

- a) **Eligibility:** Any current, regular, non-probationary employee with an overall performance rating of satisfactory or higher.
- b) **Amount:** Base building (continuing) pay may be increased by a percentage within the pay range as supported by written justification.
- c) **Authority:** Requests are submitted through the VP/Dean/CC President to HRS. The request must include the recommended amount and appropriate supporting justification.
- d) **Payment:** A base building adjustment is paid through NMSU payroll. A base building adjustment is included as salary for all reporting purposes.
- e) **Other Terms and Conditions:** If the hiring manager is approved to use this retention tool an individual agreement must be completed with the employee. Eligibility is limited to once every two years, unless extenuating circumstances exist. Given the discretionary nature of these pay adjustments there are no grievance or appeal rights except for discrimination.

Temporary Non-Base Building Differentials

Non-base building differentials are temporary in nature and are not a long-term addition to an employee's base salary. They are predicated upon the employee taking on a temporary set of duties as part of a non-permanent assignment or to temporarily adjust the pay of those employees in possession of critical skills or specialized knowledge. Requests must fall within one of the following categories:

Interim Assignment

- 1) **Purpose:** To compensate current employees for temporarily assuming the full set of duties and authority from a higher-level vacant position or from a higher-level filled position whose incumbent is unable to perform the duties.
- 2) **Eligibility:** Any current, regular employee that assumes the full set of duties and authorities from a higher-level position. The employee must meet the minimum requirements for the position. The interim assignment must be for a period of at least 30 days and should not exceed one year. Appointments and extensions require approval from the HRS.
- 3) **Amount:** Non-base building (temporary) pay may be requested at entry of the range of the position or 10% above incumbent's current salary, whichever is greater. If the incumbent is appointed into the position through promotion or recruitment, the base salary will be evaluated using the applicable (promotion/new hire) guidelines.
- 4) **Authority:** The hiring manager may request, in writing, an interim assignment adjustment through the appointing authority to HRS. The request must include the recommended amount, a memorandum of understanding outlining the interim assignment (include plans for permanent solution such as recruitment as well as statement that it may be terminated at the discretion of the hiring manager or approving authority etc.), and a draft notification to the incumbent.
- 5) **Payment:** The increase is temporary and non-base building. It is included as salary for all reporting purposes.
- 6) **Forfeiture:** This adjustment is temporary and may be modified or discontinued at any time at the discretion of the appointing authority, there is no requirement for providing prior notice.
- 7) **Other Terms and Conditions:** If the appointing authority decides to use this differential, a notification to the employee must be completed. No aspect of an interim assignment differential is subject to grievance or appeal, except for discrimination. The individual agreement may contain other terms and conditions.

Acting Assignment

- 1) Purpose: To compensate current employees for temporarily assuming partial duties and operational authority from a higher-level vacant position or from a higher-level filled position whose incumbent is unable to perform the duties.
- 2) Eligibility: Any current, regular employee that assumes the duties and operational authorities from a higher-level position. The acting assignment must be for a period of at least 30 days and no longer than one year without approval from HRS.
- 3) Amount: Non-base building (temporary) pay may be requested at up to 10% above incumbent's current salary if assigned duties are from a classification that is one level higher. Requests for differentials above 10% will be evaluated on a case by case basis if duties are from a classification that is more than one level higher. If incumbent is appointed into the position through promotion or recruitment, the base salary will be evaluated using the applicable (promotion/new hire) Section 6: New Hire Guidelines.
- 4) Authority: The hiring manager may request, in writing, an acting assignment adjustment through the appointing authority to HRS. The request is submitted via memorandum and must include the recommended amount, an outline of the acting assignment (include plans for permanent solution such as recruitment as well as statement that it may be terminated at the discretion of the hiring manager or approving authority etc.), and a draft notification to the incumbent.
- 5) Payment: The differential is temporary and non-base building. It is included as salary for all reporting purposes.
- 6) Forfeiture: This adjustment is temporary and may be modified or discontinued at any time at the discretion of the appointing authority, there is no requirement for providing prior notice.
- 7) Other Terms and Conditions: If the appointing authority decides to use this differential, an individual agreement containing the terms, conditions, and duration of the appointment must be completed and provided to the employee. No aspect of an acting assignment differential is subject to grievance or appeal, except for discrimination.

Compensation for Additional Duties - Hardship

- 1) Purpose: To compensate current employees for temporarily assuming additional duties beyond their current classification in order to meet an objective and under extraordinary working conditions.
- 2) Eligibility: Employees assigned to work for a fixed period of time of at least 30 days but not to exceed 6 months to meet an objective under extraordinary working conditions (hardship).
 - a) The scope of the work assignment should not cross department/functional responsibilities. It should not be a regularly occurring function/requirement of the position (i.e. project managers, annual events, regularly scheduled maintenance, etc.).
 - b) The work assignment must be in addition to the regular work load and significantly exceed normal or acceptable limits with a noticeable or measurable difference in degree or amount (working continuously with limited days off exceeding one or more months to meet required deadlines), criteria includes:
 - i) Works demonstrably 20% or more outside of normal schedule consecutively for a period exceeding one calendar month.
 - ii) The project must be directly related to the strategic mission of the university and significantly large in quantity or measure.
 - iii) Failure to meet deadlines or complete the project will have a detrimental impact to the university (financial, reputation, mission, etc.)

- iv) The hardship is demonstrated through a loss in personnel through vacancies or extended leaves of absence (note: recruitments, reorganizations, reclassifications of vacancies must be in progress).
- 3) Amount: Non-base building (temporary) pay may be requested at up to 10% of incumbents' current salary. Requests for differentials above 10% will be evaluated on a case by case basis for extreme and rare circumstances (i.e. emergency situation) and requires approval of the AVP HRS.
- 4) Authority: The hiring manager may request, in writing, a hardship adjustment through the appointing authority to HRS. The request must include the recommended amount, a memorandum of understanding outlining the additional duty and hardship (duration, hardship, a statement that it may be terminated at the discretion of the hiring manager or approving authority etc.), and a draft notification to the incumbent.
- 5) Payment: The differential is temporary and non-base building. It is included as salary for all reporting purposes.
- 6) Forfeiture: This adjustment is temporary and may be modified or discontinued at any time at the discretion of the appointing authority there is no requirement for providing prior notice.
- 7) Other Terms and Conditions: If the appointing authority decides to use this differential, a notification to the employee must be completed. No aspect of a long-term project differential is subject to grievance or appeal, except for discrimination. The individual agreement may contain other terms and conditions.

Long-Term Assignment

- 1) Purpose: To compensate current employees who are assigned a long-term project assignment, which is critical to the campus mission, and enhances its operation, as defined by the purpose, time frame, and expected results of the project. A long-term project assignment is not customarily assigned to the position or an expected part of the regular assignment. It is distinctly outside the scope of the regular assignment and long term.
- 2) Eligibility: Any current, regular employee. Continued use of the Temporary Pay Long-Term (6-12 months) Project should be assessed periodically. Only in unusual circumstances would this temporary pay continue beyond 12 months. If the long-term project extends beyond twelve months in duration, the differential may be extended by submitting a request for approval to HRS.
- 3) Amount: Non-base building (temporary) pay may be any amount up to 10% of the employee's current pay rate. Requests for differentials above 10% will be evaluated on a case by case basis for extreme and rare circumstances (i.e. emergency situation) and requires approval of the AVP HRS.
- 4) Authority: The hiring manager may request, in writing, a long-term project adjustment through the appointing authority to HRS. The request must include the recommended amount, a memorandum of understanding outlining the project assignment (duration, project description, a statement that it may be terminated at the discretion of the hiring manager or approving authority etc.), and a draft notification to the incumbent.
- 5) Payment: The differential is temporary and non-base building. It is included as salary for all reporting purposes.
- 6) Forfeiture: This adjustment is temporary and may be modified or discontinued at any time at the discretion of the appointing authority, there is no requirement for providing prior notice.
- 7) Other Terms and Conditions: If the appointing authority decides to use this differential, a notification to the employee must be completed. No aspect of a long-term project differential is subject to grievance or appeal, except for discrimination. The individual agreement may contain other terms and conditions.

11

Additional Compensation

- 1) Additional Compensation is a form of non-standard payment awarded to employees in positions who may, from time to time, provide occasional services to operating units other than their own. The following conditions are required for an employee to be considered eligible for additional compensation:
 - a) The additional work must have been performed outside of the employee's home department, under the supervision of someone other than the employee's normal supervisor.
 - b) The work must have been of a non-repetitive nature designed to address a one-time, specific business need.
 - c) The work must have been performed either outside of normal working hours or while on leave.
 - d) The work must not have otherwise resulted in an interdepartmental conflict of interest.
 - e) The work must not be part of a pre-agreed inter-departmental staff support arrangement.
 - f) The compensation must be based on a reasonable rate of pay in relation to the duties performed (i.e. the compensation should be equivalent to the rate that is within the NMSU pay range applicable to the nature and level of duties performed.)
- 2) If all of the above conditions are met, the department may request additional compensation for the employee by submitting the appropriate electronic hiring action (not to exceed a total of 1.5 FTE in combination with the primary job), a statement of the nature and level of duties performed, and documented evidence that the work will be performed either outside of normal hours or on annual leave. If any of the above conditions are not met, the department should contact the appropriate HRS Business Partner to explore possible alternative arrangements for employee compensation.
- 3) Additional employee work assignments that are proposed for compensation require HRS approval before the work is performed. Failure to follow this procedure may result in administrative problems and delays in payment.

12

Recognition of Employees Earning Degrees

- 1) Regular staff employees with above-average job performance who earn degrees from an accredited institution of higher education during their employment will be rewarded in appropriate ways whenever possible. Guidelines for this program are:
 - a) An employee will only receive recognition once for each type of degree awarded (i.e., associate's, bachelor's, master's, and doctorate). An employee shall not receive an increase for earning a lower degree than already held. An employee may only receive an increase for earning the same level degree as already held if the degree is directly related to the position and no increase for the same level degree has been previously awarded.
 - b) The salary increases will be effective on the first day of the month following award of the degree, or on the first day of the month in which a degree increment request is received by HRS, whichever is later.
 - c) Degree increments will not be paid on a retroactive basis.
 - d) Employees who have met the above criteria will be eligible for a base salary increase of:
 - i) 5 percent of their current salary, not to exceed \$1,000, for an associate degree.
 - ii) 5 percent of their current salary, not to exceed \$1,200, for a bachelor's degree.
 - iii) 5 percent of their current salary, not to exceed \$1,400, for a master's degree.
 - iv) 5 percent of their current salary, not to exceed \$1,600, for a doctorate.
- 2) See ARP 7.15-Staff Degree Achievement Recognition.

13

Miscellaneous Topics

Externally Funded Positions

- 1) All employees whose salaries are externally funded are subject to all the provisions of this policy. Proposed salary levels in contract and grant proposals must comply with these guidelines.

Employment Contracts

- 1) The only individuals authorized to obligate University funds and to sign employment contracts on behalf of the University are the President or designee. Failure to follow this procedure without adhering to the proper approval process may lead to progressive counseling up to and including termination of employment.

Part-Time Regular Employees

- 1) In accordance with the Fair Labor Standards Act (FLSA) law, an employee who earns less than the rate set by the Department of Labor (DOL) must be compensated in the same manner as “Non-Exempt” (accountable for hours worked and eligible for overtime payments) regardless of whether or not the generic position classification to which s/he has been assigned has been otherwise determined to be “Exempt” from FLSA provisions.
- 2) The US Department of Labor (DOL) opinion has further clarified the appropriate application of this part of FLSA in relation to part-time employees. The essence of the opinion is as follows: Any employee in an otherwise “Exempt” position classification who, by virtue of reduced appointment percentage (FTE), receives an actual salary rate that is less than the equivalent rate per week must be compensated as Non-Exempt during that period, regardless of the amount of the employee’s annualized FTE pay rate.

Administrative Guidelines for Compensation Management Amendments or Termination

- 1) NMSU reserves the right to change or modify any of the guidelines, policies and procedures listed herein with the exception of those mandated by Federal and State Regulations. These guidelines, policies and procedures do not in any way guarantee employment or constitute any form of employment contract. HRS is responsible for the administration of said guidelines, policies and all questions may be directed to HRS.

Glossary of Terms:

“Applicant” is an individual who submits an application, in the requested format, in response to an approved solicitation of a position, meets the posted minimum requirements of the position, and does not remove himself/herself from consideration.

“Appointing Authority” is the dean/vp/cc president having authority, responsibility and oversight for a college or division.

“Base Pay” is pay excluding extra compensation; the pay for a job or position excluding additional payments or allowances.

“Classification” is when one or more positions which are sufficiently alike in duties and responsibilities to warrant using the same classification title, qualifications, selection procedures and the same pay grade.

“Classification Description” is a written description of a classification containing the classification title, a general statement summarizing the classification and providing a generic statement of essential functions that may be performed by the position holder.

“Exempt” is an employee who is exempt under the Fair Labor Standards Act and is not paid overtime when he/she works more than 40 hours in a work week. Exempt status is based on the employee's actual job duties and responsibilities.

“HR Liaison” is an individual who acts as the point of contact and liaison between HRS and the department/college/division.

“HRS Business Partner” is a professional employee who provides operational day-to-day human resources guidance and administrative support focused on employment, compensation, compliance issues and record keeping

“Internal equity” when establishing a position is defined as fairness in the relationship of a position's salary range when compared with the salary ranges of similar positions within the organization.

“Job Family” is a broad grouping of occupations related in one or more ways such as: similarity of functions performed, transferability of knowledge and skills from one occupation to another, or similarity of materials or equipment worked on. These families include both exempt and non-exempt level positions.

“Non-Exempt” is an employee who is entitled to overtime pay under the Fair Labor Standards Act. Overtime at NMSU is compensated at a rate of one and one-half the non-exempt employee's regular rate of pay for each hour worked in excess of 40 hours per work week.

“Position Duties” are the duties and responsibilities specific to each position. The major duties and responsibilities of a position are included in the position description and/or communicated by the supervisor to the employee.

“Position evaluation” is the process whereby the relative worth of positions within the organization is established.

“Promotion” is the appointment of a current, regular employee to an available position in a higher pay level than the one in which the employee is presently assigned. Promotions will occur as a result of a change in job without posting.

“Reclassification” is the reassignment of a position from one classification to another to recognize a significant and permanent change to the duties and responsibilities of a position sufficient to change the classification of the position.

“Slotting” is a process in which institution positions are reviewed by a committee and placed in a job grade hierarchy (high to low) next to *benchmarked jobs of equal value.

“Transfer” is the voluntary or involuntary movement of an employee from one position to another without a break in service.