

**University of Southern California**  
**Human Resources Administration**  
**Compensation Office**

## **Staff Wage and Salary Guidelines**

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### **Preface**

These procedures apply to staff employed by the University of Southern California. In the event of a discrepancy between these procedures and guidelines and a collective bargaining agreement, the terms of the collective bargaining agreement will govern.

If you have any questions regarding these procedures, please contact the staff in the Compensation Office, Human Resources Administration at (213) 821-8111. Additional information about compensation and related forms are available online at [www.usc.edu/dept/personnel/comp](http://www.usc.edu/dept/personnel/comp).

### **Principles**

- 1. Minimum Pay** – All departments must comply with federal and state wage and hour law including minimum pay requirements, minimum wage and salary rates, time and record keeping, overtime pay requirements and pay periods (see Staff Wage and Hour Policies at [www.usc.edu/policies/staff\\_wage\\_hour.html](http://www.usc.edu/policies/staff_wage_hour.html)).
  
- 2. Accountability** – The authority, accountability and responsibility for staff compensation administration lies with supervisors, who are required to execute employment actions in accordance with the policies, practices and guidelines established by the university and additional requirements that may be established by their schools and divisions. Supervisors are required to consult with the person to whom they report on all employment decisions and transactions affecting the employees who report directly to them. This requirement for “**one level up**” review and support applies to all employment decisions including, but not limited to, issues involving salary and wages rates, bonus compensation, perquisites, budget allocation, job postings, employment offers, terms and conditions of employment, hiring, promotions, reclassifications, demotions, reorganizations, and terminations.

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**3. Pay Practices** – Supervisors are accountable for establishing and maintaining pay in accordance with these staff wage and salary guidelines and the additional requirements that are prescribed by the President, Executive Vice President and Provost, and Senior Vice President for Administration. When determining wage or salary rates, other compensation, perquisites or non-standard benefits, supervisors must consider factors such as marketplace comparisons, education and experience of the individual, fair and equitable distribution among employees in the same or similar position classifications, individual performance, and available funding. Schools and departments may not enter pay in the Payroll/Personnel Benefits System (PPBS) or adjust pay without obtaining appropriate approvals. All approvals must be obtained prior to any commitments being made to the employee. The university's compensation philosophy strives to target compensation at or between the 50<sup>th</sup> and 75<sup>th</sup> percentiles for well to extraordinarily qualified high performers who possess additional work experience, education, skills and knowledge beyond the minimum requirements of the position.

**4. Pay Comparisons** – The Compensation Office is available to assist departments in reviewing compensation on a case-by-case basis. The compensation staff will provide salary/wage averages by position, university-wide comparative data and/or external market data, if available, and/or make arrangements for custom surveys. Departments should utilize the recommended guidelines from the Staff Compensation Benchmarking Report, distributed to Human Resource Partners by the Compensation Office, to establish starting wage and salary rates for newly hired, rehired, transferred, reclassified, or promoted staff.

**5. Funding** – Funding for staff compensation is allocated during the budget approval process each fiscal year. Changes to this allocation may only be made during the annual budget approval process or through a specific mid-year budget amendment or modification request, which has been approved by the appropriate administrator, the Office of Budget and Planning, and Financial Administration and Performance. Any commitment of compensation in excess of the amount specifically budgeted for the current fiscal year or which increases the budget commitment in future years is subject to this amendment/modification approval process. Department supervisors should consult with their senior business officer for guidance on allocations.

**6. Annual Pay Increases** – Departments need to be familiar with and follow the annual staff pay increases review and approval requirements and limitations described in these guidelines. Annual staff pay increases are merit-based and should vary according to individual performance and the amount of funding available. (The following department employees are excluded from the merit pay increase rule, but not the review/approval requirements: employees of the Department of Public Safety who are included in a specified Step Pay Plan, employees in Facilities Management Services who are included in a specified Pay for Skills program and employees covered under collective bargaining agreements whose pay increases are subject to the compensation guidelines specified in those agreements.)

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There are to be no across-the-board increases, uniform cost of living increases or commitments for future increases determined prior to the regular, annual budget development process. Typically, only one merit increase is allowed during each fiscal year, effective on July 1. Every employee should be informed, in writing, of his or her annual merit increase and new rate of pay, if applicable, before July 1. The reason for the amount of the increase, or lack thereof, should be described, and documentation retained in employee file. Performance evaluations should be based on performance sustained over time and documented in writing. Employees must be given the opportunity to comment on evaluation documentation. Both the evaluation and employee comments must be retained in employee file. Guidance for appropriate performance evaluations is provided in the Performance Evaluations section of the Staff Hiring and Employment Policies at [www.usc.edu/policies/staff\\_hiring\\_employment.html](http://www.usc.edu/policies/staff_hiring_employment.html).

**7. Pay for Transfers/Rehires/Reclassifications/Promotions** – Employees who are transferred, rehired, reclassified, or promoted are eligible to receive compensation appropriate to the new position, their experience and qualifications, and available funding as described in #3 above. A reclassification may be accompanied by an increase in pay, but an increase is not mandatory. A promotion is typically accompanied by an increase in pay. The Compensation Office is available to consult with departments on any change in position level or to provide compensation benchmarking data both internal and external. Employees are not guaranteed the rate of pay associated with their previous position or guaranteed any increase because of a move to a new position.

### **Standard Guidelines**

#### **1. Federal and State Wage and Hour Compliance**

##### **Minimum wage**

The state minimum wage rate for non-exempt employees is \$8 per hour. For offers of pay less than \$10 per hour, schools and divisions are required to consult with the Compensation Office.

##### **Minimum salary**

State law requires that all exempt staff, regardless of percentage of time worked, must earn a monthly salary equivalent of no less than two times the state hourly minimum wage for full-time employment. Full-time employment is defined in Labor Code Section 515(c) as forty (40) hours per week, for which the minimum salary rate for exempt staff would be \$2,773.34 per month, or \$33,280 per year.

##### **Payment for overtime**

Non-exempt employees who work in excess of eight (8) hours in a workday or forty (40) hours in a work week must receive overtime compensation. Only those employees working under an alternative work schedule set up in accordance with state regulations and approved and filed with the state by Human Resources Administration may be exempt from this

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overtime requirement. (See the Overtime and Alternative Work Schedule sections of the Staff Wage and Hour Policies at [www.usc.edu/policies/staff\\_hiring\\_employment.html](http://www.usc.edu/policies/staff_hiring_employment.html)).

If a non-exempt employee is paid extra compensation for additional duties performed within the regularly scheduled work hours, the extra compensation (“overload”) is considered part of the regular rate when determining an hourly overtime rate.

### 2. Increases in Compensation

Departments are encouraged to review the compensation provided to their staff employees throughout the year and, when appropriate, adjust compensation (e.g., pay equity). During that review, departments should establish and maintain levels of total compensation that are competitive in the marketplace for the work done by the employee and which provide appropriate levels of reward and recognition for staff who perform at the highest levels of quality and productivity (see Pay Practices section of this document).

All increases in compensation, regardless of reason (e.g., merit, pay equity), percentage, dollar amount, or type of compensation (e.g., base, bonus, overload) require review and recommendation by “one level up” (see Accountability in the Principles section of this document) and any other required approvals as designated in these guidelines, prior to the employee being notified of an increase and prior to changes being made to the employee’s employment record (e.g., pay lines updated on the Payroll/Personnel Benefits System (PPBS) or Budget Development System (BDS)). All changes in compensation must be reviewed in the context of total compensation, so for each proposed change, details should be provided on all additional compensation (e.g., bonuses) received within the current fiscal year or proposed to be received in the current or coming fiscal year. Departments are encouraged to also require, as part of their review, the employee’s total compensation history going back three to five years, as well as comparative data on the total compensation provided to employees in similar positions within the department and available internal/external benchmarking data. Departments may establish their own processes or reporting requirements for “one level up” review and recommendation. Departments must retain, and may be asked to provide records verifying these processes.

In addition to the “one level up” review and recommendation, certain increases in compensation, noted below, require additional review and approval by higher levels of authority and/or the Compensation Office. Reports of these increases will be shared with the university’s senior leadership. Documentation of review and approval may be audited.

- *Merit increases and equity pay increases in excess of 5%*  
See approval requirements in Merit Increase section.
- *Salaries of \$200,000 or above* are reviewed annually and authorized by the Executive Vice President and Provost (for all schools and divisions reporting to the Executive Vice President and Provost) or Senior Vice President to whom those divisions report.

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- *Pay increases based solely on equity or that include a component of equity* require recommendation or approval by the Compensation Office. Schools and divisions must forward documentation supporting the pay increase to the Compensation Office prior to notifying the employee.

### **3. Establishing Wages/Salaries for Positions**

When determining wage or salary offers, departments should consider the candidate's applicable education and experience, marketplace equity, compensation levels of existing staff (peers and subordinates) within the appropriate work unit, university wide staff within the same classification, and available funding (see Pay Practices section of this document). The "one level up" review and recommendation applies to all wage and salary offers.

#### **New hires**

Departments are encouraged to offer compensation for new hires that is equitable with compensation provided to staff in similar positions in the department, university and external market. Departments may consult the Compensation Office on new hire offers and to obtain compensation benchmarking data both internal and external, if available.

The university discourages July 1 fiscal year merit increases for employees hired after April 1 of that year. Because merit increases should be based on evaluation of sustained performance, these employees may not have sufficient opportunity to demonstrate such performance. The schedule for potential pay increases should be communicated to the employee at the time of the employment offer.

#### **Rehires**

The rate of pay for employees who terminate and who are reemployed will be determined on the same basis as any candidate newly hired into a posted position, as described above. Although prior, relevant university experience would typically be an important factor, employees are not guaranteed the rate of pay associated with their previous position or guaranteed any increase in pay.

#### **Transfers**

A transfer occurs when an employee leaves one position within the university and is hired into another position at the same or lower level of responsibility. The new rate of pay is determined on the same basis as any candidate newly hired into a position. Employees are not guaranteed the rate of pay associated with their previous position.

#### **Demotions**

A demotion occurs when an employee is moved from his or her current position to a position at a lower level as part of a disciplinary action. A demotion must have the approval of Human Resources Administration prior to the employee being notified. Employees who are demoted are not guaranteed the rate of pay associated with their previous position. An employee's

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voluntary election to accept a different position at a lower level is considered a transfer, not a demotion.

### **Reclassifications, competitive promotions and internal promotions**

Please refer to the Staffing and Classification Procedures for descriptions.

### **Roles and Responsibilities**

#### Department

Department administrators, senior business officers, human resource directors and managers, home department coordinators and supervisors are responsible for assuring their department's compliance with staff wage and salary guidelines and staffing and classification procedures, including approval and recordkeeping requirements.

Schools and divisions are encouraged to establish additional departmental procedures to clarify senior management's expectation for requests, review, approval and documentation of employment actions. These Staff Wage and Salary Guidelines provide departments with a framework around which those internal procedures must be developed and executed.

From time to time, the Staff Wage and Salary Guidelines may be modified because of special circumstances that require additional restrictions, changes in procedure, or levels of approvals. Failure to comply with the requirements set forth in university and department policies and procedures will be cause for disciplinary action, up to and including termination.

#### Compensation Office

The Compensation Office in Human Resources Administration is responsible for the following:

- establishing university compensation principles, determining salary/wage guidelines, and staffing and classification procedures,
- reviewing and recommending/approving all proposed pay increases based solely on equity or that include a component of equity,
- creating job descriptions in accordance with university business practices that comply with state and federal law,
- determining the classification of positions,
- ensuring departments utilize job descriptions that most appropriately match work performed,
- conducting job audits to confirm appropriateness of job descriptions,
- conducting and participating in compensation surveys on behalf of the university,
- advising departments on various compensation matters including market comparisons based on both internal and external benchmarking, and

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- monitoring departmental compliance with staff wage and salary guidelines, staffing and classification procedures and related federal and state law.

The Compensation Office will provide reports to senior leadership and may audit documentation of review and approvals in order for senior leadership to understand the university wide impact of pay increases and levels, and ensure that compensation practices are equitable.

### **Overview of Review and Approval Requirements**

It is mandatory that schools and divisions comply with the review and approval requirements described below. All approvals must be obtained prior to any commitments being made to the employee.

**1. “One Level Up” Support** – The employee’s supervisor, as well as the person to whom the supervisor reports, must both personally review all requests. A designee’s signature will not be accepted for the “one level up” review and recommendation/approval requirement. Some transactions require additional approvals.

**2. School/Division Review and Recommendation or Approval** – The most senior position in the school or division (e.g., Dean, Vice President, Associate Senior Vice President, Vice Provost, etc.) must personally review and approve or review and recommend the transactions noted below. A designee’s signature will not be accepted.

Review and approval in this category is sufficient and final for:

- merit increases up to and including 5% for staff for fiscal year 2010-11, and
- bonuses less than \$1,000.

Transactions that require review and recommendation, and will then require additional approvals (see #3 below) are:

- merit increases in excess of 5%,
- bonuses of \$1,000 or more,
- equity pay increases, and
- regular overload compensation (including payments by a second department).\*

The Compensation Office will facilitate the review and approval process for those transactions requiring additional approval beyond the most senior position in the school or division; keep related records; and audit payroll entries.

**3. University Officer Review and Approval** – The Executive Vice President and Provost (for all schools/divisions reporting to the Executive Vice President and Provost) or the Senior

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Vice President for Administration (for **all** other divisions) or their designee reviews requests and determines final approval for:

- merit increases in excess of 5% for staff,
- bonuses of \$1,000 or more,
- equity pay increases in excess of 5%,
- regular overload compensation (including payments by a second department) in excess of 5% of employee's annual base salary in a fiscal year, and
- exceptions to restrictions outlined in these guidelines.

\*The Compensation Office will review and approve all regular overload compensation (including payments by a second department) up to and including 5% of an employee's annual base salary in a fiscal year. All regular overload compensation requests should be routed through the Compensation Office.

Appeals of the Compensation Office's decision regarding an appropriate equity adjustment, pay level or regular overload compensation must be addressed to the Executive Vice President and Provost or the Senior Vice President for Administration or their designee, and should be routed through the Compensation Office for tracking purposes.

### Restrictions and Approval Requirements

The university has implemented the following restrictions and approval requirements for merit increases, discretionary bonuses, equity pay increases, overloads and other types of changes in compensation effective with increases taking effect in FY 2010-11.

#### 1. Merit Increases

##### Funding

Each year during the budget development process, the university will communicate to senior business officers the availability of additional funding or expectation for internal funding for increases in compensation (including increases based on merit, bonuses and adjustments due to pay equity). **For FY 2010-11, the university has established a compensation pool of 2.5% for staff.** Units considering merit pay increases should address the requests during the budget approval process.

When completing the Budget Development System (BDS) or payroll process for the new fiscal year, merit-based pay increases for staff funded by grants must be included. To ensure adherence to federal regulations concerning institutional base compensation, the lack of grant funding prior to July cannot be used as the justification for a mid-year pay increase. Increased availability of funding (unrestricted, restricted, or contracts and grants) is not, in and of itself, a valid reason for requesting a mid-year pay increase.

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Departments may use the Pay Increase Approval Request form available online at <http://www.usc.edu/dept/personnel/comp/forms.htm> or an alternative form acceptable to the Executive Vice President and Provost or Senior Vice President for Administration. Transactions and documentation of review and approval may be audited to confirm appropriate approvals have been obtained.

### Approval requirements

- Merit increases **up to and including 5% for staff (without equity component)**
  1. “One level up” mandatory review and recommendation
  2. School/division mandatory review and approval

All requests for increases must be accompanied by justification based on specific performance measures and these records maintained in employee file. Schools and divisions may have additional approval requirements, but increases at this level do not require approval by the Executive Vice President and Provost or the Senior Vice President for Administration or their designees. Also see note regarding equity increases.

- Merit increases **in excess of 5% for staff**
  1. “One level up” mandatory review and recommendation
  2. School/division mandatory review and recommendation
  3. Review and recommendation by Compensation Office
  4. Final approval by the Executive Vice President and Provost or the Senior Vice President for Administration or their designee. Departments may use the Pay Increase Approval Request form available online or an alternative form acceptable to the Executive Vice President and Provost or Senior Vice President for Administration. The Compensation Office will coordinate the approval process.

Exceptions to the requirements, restrictions or procedures described in these guidelines require approval by the Executive Vice President and Provost or Senior Vice President for Administration or their designee. Schools and divisions must maintain appropriate records of approvals. Transactions and authorizations will be audited.

## 2. Equity Pay Adjustments

Schools and divisions are required to reference benchmarking data to justify equity pay increase requests. Internal and external benchmarking data is available from the Compensation Office.

Equity pay adjustments are often facilitated during the annual compensation review and budget approval process.

Departments may use the Pay Increase Approval Request form available online at <http://www.usc.edu/dept/personnel/comp/forms.htm> or an alternative form acceptable to the

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Executive Vice President and Provost or the Senior Vice President for Administration. Transactions and documentation of review and approval may be audited to confirm appropriate approvals have been obtained.

### Approval requirements

- Proposed adjustments and pay levels based solely on equity or that include a component of equity, **up to and including 5%**
  1. “One level up” mandatory review and recommendation
  2. School/division mandatory review and recommendation
  3. Review and approval by Compensation Office
  
- Equity pay adjustments **in excess of 5%**
  1. “One level up” mandatory review and recommendation
  2. School/division mandatory review and recommendation
  3. Review and recommendation by Compensation Office
  4. Final approval by the Executive Vice President and Provost (for all schools/divisions reporting to the Executive Vice President and Provost) or the Senior Vice President for Administration (for **all** other divisions) or their designee. The Compensation Office will coordinate the approval process.

### 3. Discretionary Bonuses (e.g., annual bonus, spot bonus)

Discretionary bonuses provide a mechanism to reward staff employees for past performance and specific accomplishments above and beyond sustained meritorious performance recognized in base salary. Discretionary bonuses are provided solely at the discretion of management, are not guaranteed and may be withdrawn at any time. Payments typically vary from year to year based on clearly demonstrated accomplishments such as extraordinary cost savings, generation of revenue, outstanding contributions to a project, etc. Discretionary bonuses are not measured by or dependent on hours worked or attendance. Payments are not tied to a formal variable pay plan or performance targets. Discretionary bonuses are not construed as wages and are not included in the regular rate of pay for overtime purposes. Payments are treated as supplemental compensation, paid in “lump sum,” and subject to withholding at the flat tax rate.

Schools and divisions may provide discretionary bonuses only if they have budgeted for them in advance; the availability of funding does not guarantee the awarding of discretionary bonuses. Typically, bonuses are approved during the budget approval process. Documentation must be submitted to Payroll Services indicating the establishment of a new pay line for a bonus, verification of approval and a check request. Schools and divisions are required to maintain, in employee file, records of specific rationale.

In all cases, requests for bonuses must be presented in the context of total compensation with a history of total compensation paid to that staff employee (base wage/salary and bonuses) for

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a three to five year period. Bonus payments and records may be audited to confirm appropriate approval has been obtained.

### **Approval requirements**

- Bonuses **less than \$1,000**
  1. “One level up” mandatory review and recommendation
  2. School/division mandatory review and approval
  
- Bonuses of **\$1,000 or more**
  1. “One level up” mandatory review and recommendation
  2. School/division mandatory review and recommendation
  3. Final approval by the Executive Vice President and Provost or the Senior Vice President for Administration or their designee. Departments may use the Bonus Payment Approval Request form available online at <http://www.usc.edu/dept/personnel/comp/forms.htm> or an alternative form acceptable to the Executive Vice President and Provost or the Senior Vice President for Administration. The Compensation Office will coordinate the approval process.

Transactions and authorizations will be audited to confirm appropriate approvals have been obtained.

### **4. Salaries of \$200,000 or Above**

Salaries of \$200,000 or above in total compensation must be reviewed annually and authorized by the Executive Vice President and Provost (for all schools and divisions reporting to the Executive Vice President and Provost) or Senior Vice President to whom the division reports. The Compensation Office is available to provide benchmarking data to the Executive Vice President and Provost and Senior Vice President for purposes of justifying rationale of pay levels.

### **5. Overload Compensation**

A staff employee who temporarily performs duties unrelated to his or her normal responsibilities or who temporarily assumes additional responsibilities in his or her department may be eligible to receive extra compensation as overload to provide a temporary pay equity adjustment. Examples include, but are not limited to, temporary assumption of extensive additional duties not usually performed due to the extended leave or resignation of an employee within the unit, or temporary assumption of additional more complex higher-level duties due to a short-term project or program. The appropriateness of an overload payment also should be gauged by an evaluation of the employee’s current level of pay benchmarked against the pay level that would be appropriate for an employee performing

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similar work. Overload payments for the assignment of additional duties are not mandatory. The period for which an overload is paid may not exceed 12 months.

Overload pay must be included in regular bi-weekly or monthly pay reflecting the period in which work is performed, and is included in calculations that apply to base pay (e.g., overtime). Payment may not be paid retroactively or provided as lump sum payments. Overload compensation for non-exempt employees must be paid on an hourly basis, at the new, higher overload rate.

Supervisors must discuss the overload assignment and specifics with the employee prior to the start of the assignment and before payment is initiated. The employee must agree to the terms, and an agreement must be signed by both employee and supervisor. The agreement must indicate what temporary job duties are to be performed by the employee, the overload amount, and the agreed start and end date of the assignment. Review and approval (see below) must be completed before a commitment to provide overload compensation is made to the employee.

Supervisors may consider spot bonuses for those situations where overload payments are not appropriate, but it is appropriate to recognize an employee for outstanding contributions to a project or under particular circumstances.

The Overload Payment Approval Request form is available online at <http://www.usc.edu/dept/personnel/comp/forms.htm>. Compensation will audit overload compensation transactions and authorizations to confirm appropriate approvals have been obtained.

### Approval requirements

- Regular overload requests **up to and including 5% of employee base salary in a fiscal year**
  1. “One level up” mandatory review and recommendation
  2. School/division mandatory review and recommendation
  3. Signature of authorized signer for the compensation account (if work is performed for a department other than home department)
  4. Review and approval by Compensation Office
  
- Regular overload requests **in excess of 5% of an employee’s annual base salary in a fiscal year**
  1. “One level up” mandatory review and recommendation
  2. School/division mandatory review and recommendation
  3. Signature of authorized signer for the compensation account (if work is performed for a department other than home department)
  4. Review and recommendation by Compensation Office

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5. Final approval of the Executive Vice President and Provost or the Senior Vice President for Administration or their designee. The Compensation Office will coordinate the approval process.

### Special overload payments

- *Overload payments by a second department to an employee in another home department*

In addition to the requirements noted above, the second (funding) department must notify the employee's home department of the overload assignment prior to the offer being finalized. This will allow the employee's supervisor to review the additional assignment to ensure it will be performed outside the employee's standard working hours and will not adversely affect the employee's primary assignment. It is the responsibility of the second department to communicate all pertinent arrangements associated with a job offer for a second assignment to the employee's home department supervisor.

- *Overload compensation for teaching activities*

In addition to the requirements noted above, for staff engaged in teaching, prior written approval by the Vice Provost of Faculty Affairs' designee in the Compensation Office is required before the beginning of the course. The staff employee should not be given a teaching assignment or notified of overload payment until approval is confirmed.

An individual who performs both staff functions and teaching activities is considered a full-time staff employee with a concurrent part-time faculty appointment and title. A staff employee may not teach more than one course per academic year. Departments should update the directory section on the Payroll System (PS.EMPL.DEMO) to reflect a concurrent part-time faculty title for the staff employee while he or she is teaching and delete the part-time faculty title when the teaching assignment is completed. The terms of employment that apply are those stated in the Staff Employment Policies and Procedures.