

**University of Southern California
Compensation Office, Personnel Services**

**Staff Wage and Salary Guidelines
Effective November 6, 2008 through June, 30, 2009**

Staff Hiring Freeze Announcement

Staff Hiring Freeze effective November 6, 2008 through June 30, 2009

Roles and Responsibilities

The Compensation Office in Personnel Services is responsible for:

- establishing university compensation principles,
- determining salary and wage guidelines,
- establishing position descriptions in accordance with university business practices that comply with state and federal law,
- creating job descriptions,
- determining the classification of positions,
- conducting job audits,
- ensuring departments utilize job descriptions that most appropriately match work performed,
- 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
- monitoring departmental compliance with staff posting and classification procedures and related federal and state law.

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 posting 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 Posting and Classification Procedures provide departments with a framework around which those internal procedures must be developed and executed. Failure to comply with the requirements set forth in university and department policies will be cause for disciplinary action, up to and including termination.

These procedures apply to staff employed by the University of Southern California. In the event of a discrepancy between procedures, 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 compensation staff in Personnel Services at (213) 821-8280 for the University Park campus or (323) 442-1010 for the

Review and Approval Requirements

1. **One-level-up Support** – the employee’s direct supervisor and the supervisor’s supervisor.
2. **School/Department Review and Support** – the most senior position in the school or department (e.g. Dean, Vice President, Associate Senior Vice President, Vice Provost, etc.).
3. **Final Review and Approval** – Executive Vice President and Provost (for all schools/departments reporting to the Executive Vice President and Provost); Senior Vice President for Administration (for **all** other departments). [Process for obtaining approvals will be coordinated by the Compensation Office.]

Principles

1. 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).
2. 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 that report directly to them. This requirement for **“one level up”** review and support applies to all employment decisions including the determination of, or changes in, salary and wages rates, bonus compensation, perquisites, budget allocation, job postings, employment offers, changes in the terms and conditions of employment, hiring, promotions, demotions, reorganizations, terminations, etc.
3. Supervisors are accountable for and expected to establish and maintain pay in accordance with these staff wage and salary guidelines and the additional requirements which are prescribed by the president, provost and senior vice president for administration. When determining wage or salary rates or other compensation, perquisites and non-standard benefits, factors such as marketplace comparisons, the education and experience of the individual, fair and equitable distribution among employees in the same or similar position classifications, individual performance, and available funding must be considered.

4. The compensation staff in Personnel Services is available to assist departments in reviewing compensation on a case-by-case basis. The compensation staff will provide departments with 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 hiring ranges as a guide to establishing starting wage and salary rates for newly hired, rehired or transferred staff. This also includes reclassified staff with the approval of the Provost or the Senior Vice President for Administration.

5. Staff compensation funding 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 reviewed and 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. All staff pay increases must follow the above indicated “Review and Approval Requirements” and must be coordinated through the Compensation Office. Staff pay increases are merit-based and should vary according to individual performance and the amount of funding available. (Exclusions to this rule include 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 and instructions specified in those agreements.) 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 must be retained in the employee’s file. Performance evaluations should be based on performance sustained over time and documented in writing. Employees must be given the opportunity to comment on the evaluation documentation. Both the evaluation and the employee’s comments must be retained in the employee’s file. Guidance for appropriate performance evaluations is provided in Staff Hiring and Employment Policies, Performance Evaluations. http://policies.usc.edu/policies/hiring_employment/performanceeval070105.pdf

7. Employees who transfer or are rehired into posted positions should receive compensation appropriate to the new position, their experience and qualifications and available funding as described in number three above. 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.

Guidelines

1. Federal and State Wage and Hour Compliance

- **Minimum wage**

The state minimum wage rate for non-exempt employees is \$8.00 per hour.

- **Minimum salary**

State law requires that all exempt staff, regardless of percentage of time worked, must earn a monthly salary equivalent to 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 40 hours per week. The minimum salary rate is currently \$2,773.33 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 Personnel Services may be exempt from this overtime requirement. (See Staff Wage and Hour Policies, Overtime and Alternative Work Schedule.)

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. Establishing Wages/Salaries for Posted Positions

When determining wage or salary rate 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. The “**one level up**” review and approval applies to all determinations of wage and salary rate 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 and university and competitive with the external market. The Compensation Office is available to consult with departments to provide compensation benchmarking data both internal and external.

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 an evaluation of sustained performance, these employees may not have had sufficient opportunity to demonstrate such performance. The schedule for potential pay increase opportunities 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 a posted 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 posted position. Employees are not guaranteed the rate of pay associated with their previous position.

3. Fiscal Year Increases in Compensation

Departments are encouraged to review staff employees' compensation when appropriate, typically throughout the year and, when appropriate, adjust compensation at the start of the new fiscal year on July 1. During that review, departments should establish and continue to maintain levels of total compensation that are equitable relative to employees doing similar work in their department and that is competitive in the marketplace. Employee compensation should recognize experience, qualifications and provide appropriate levels of reward and recognition for staff based on the quality of performance and productivity. (Exclusions include 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 and instructions specified in those agreements).

All increases in compensation, regardless of percentage, dollar amount or type of compensation, require review and approval **“one level up”** 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 System or Budget Development System). **“One level up”** means that the affected employee's supervisor's supervisor must have had the opportunity to review the proposed change and authorize the transaction. All proposed changes in compensation must illustrate not only the proposed change in base wages/salaries, but also detail any additional compensation (e.g., bonuses, perquisites or other non-standard benefits) received within the current fiscal year and proposed to be received in the coming fiscal year. In other words, review and approval of any type of compensation should be done in the context of “total compensation.” 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. Departments may establish their own processes or reporting requirements for **“one level up”** review and approval. Departments must retain, and may be asked to provide, records verifying approval.

In addition to **“one level up”** review and approval, certain increases in compensation, as summarized below, require additional review and approval by higher levels of authority within the employee's division. Reports of these increases will be shared with the university's senior leadership. Documentation of review and approval may be audited. If senior administrators delegate approval authority, written records of that delegation must be maintained.

• Increases of more than **6 percent and up to 10 percent** in base or total compensation require the approval and signature of **one** of the following in addition to **“one level up”** approval:

- dean
- vice president
- associate senior vice president.

• Increases of more than **10 percent and up to 25 percent** in base or total compensation require the approval and signature of **one** of the following in addition to **“one level up”** approval:

- dean*
- vice president*
- division's senior vice president

*(For schools and departments reporting to the Provost, the approval of the dean or vice president is sufficient; approval by the Provost is not necessary.)

- Increases more than **25 percent** in base or total compensation require approval and signature of the following, in addition to “**one level up**” approval:

- division’s senior vice president
- Provost

- Salaries of **\$200,000** or above in total compensation are reviewed annually and authorized by the following:

- division’s senior vice president
- Provost

4. Discretionary Bonuses

Discretionary bonuses provide a mechanism to reward staff employees for past performance and specific accomplishments above and beyond expectations and that are not appropriately recognized through regular meritorious performance adjustments to base pay. Payment, provided in a lump sum, typically recognizes specific accomplishments, such as extraordinary cost savings, generation of additional revenue above expectations, outstanding work related to special, short-term project, etc. Discretionary bonuses are not measured by or dependent on hours worked, attendance, production or efficiency. Payments are not tied to a formal variable pay plan or performance target; are not guaranteed and specifics should not be committed and eligibility may be withdrawn at any time. 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 and subject to withholding at the flat tax rate.

Schools and departments may provide discretionary bonuses in addition to merit increases in base pay and may only provide them if they have budgeted for them in advance. Typically, bonuses are approved during the budget approval process in advance of the fiscal year in which they are paid.

All bonus compensation is subject to the “Review and Approval Requirements” as indicated above. Request for a bonus payment must be submitted to the Compensation Office using the “Request for Bonus Payment” form found at <http://www.usc.edu/dept/personnel/comp/forms.htm> . Final review and approval will be coordinated by the Compensation Office. Additional departmental review may be required based on departmental practices. In all cases, requests for bonuses must include sufficient rationale and be presented in the context of total compensation. Departments are encouraged to provide the employee’s total compensation history going back three to five years (base wage/salary and bonuses). The Compensation Office will notify the school or department whether the bonus request was approved or denied. Reports of all bonus compensation will be shared with the university’s senior leadership. Documentation of review and approval may be audited.

5. Mid-Year Pay Increases

All mid-year pay increases are subject to the “Review and Approval Requirements” as indicated above. Requests for mid-year pay increases must be submitted to the Compensation Office using the “Request for Mid-year Pay Increase” form found at <http://www.usc.edu/dept/personnel/comp/forms.htm> . Final review and approval will be coordinated by the Compensation Office who will notify the school or department whether the mid-year pay increase request was approved or denied.

Rationale for a mid-year pay increase is required. Consideration for approval may be given based on internal or external equity, or to reward a substantial increase in responsibility and/or duties. 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. When completing the Budget Development System (BDS) or payroll process for the new fiscal year any anticipated mid-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.

6. Overload Compensation

A staff employee who temporarily performs duties unrelated to his or her normal responsibilities or who temporarily assumes additional higher-level or more complex responsibilities which are not already included in the employee's job description are eligible to receive extra compensation as "overload" for a limited term. All requests for overload compensation are subject to the "Review and Approval Requirements" as indicated above. Additional requirements for departmental review and approval established by the department may apply. Requests for overload compensation must be submitted to the Compensation Office using the "Request for Overload Payment" form found at <http://www.usc.edu/dept/personnel/comp/forms.htm>. Final review and approval will be coordinated by the Compensation Office who will notify the school or department whether the overload payment request was approved or denied.

Rationale for the overload payment is required. Approval consideration may include, but is not limited to, temporary assumption of additional or more complex higher-level duties due to the extended leave or resignation of an employee within the unit or due to a short-term project or program. The department is not required to provide overload payments to all employees who assume additional responsibilities, even if those duties are outside of their current job description. The period for which an overload is paid may not exceed 12 months. Overload compensation for non-exempt employees must be paid on an hourly basis and is included in the calculation of the overtime rate.

Review and approval must be completed before a commitment to provide overload compensation is made to the employee. Prior to providing overload pay, supervisors must discuss with the employees the overload assignment, duration of the payment, and overload amount confirming the arrangement in writing. This "Overload Agreement" must be signed by the employee and supervisor. The Overload Agreement must indicate the temporary job duties to be performed by the employee, the overload amount, and the agreed start and end date of the assignment.

• Overload Payments by a Second Department (Funding Department)

In addition to the requirements noted above, if the department paying the overload is a department other than the employee's home department, the funding department must request approval from the employee's home department in advance of a commitment being made to the employee to ensure that the additional work will not adversely affect the employee's primary assignment.

• Overload Compensation for Teaching Activities

In addition to the approvals noted above that are required for all overload payments, prior written approval by the Compensation Office is required if overload compensation is to be provided to staff engaged in teaching. The staff employee may not begin teaching, 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 and the terms of employment that apply are those stated in the Staff Employment Policies and Procedures. 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.