



Idaho State University

POLICIES AND PROCEDURES

Compensation of Employees

ISUPP 3150

POLICY INFORMATION

Policy Section: *Human Resources*

Policy Title: *Compensation of Employees*

Responsible Executive (RE): *AVP of Human Resources*

Sponsoring Organization (SO): *Office of Human Resources*

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I. INTRODUCTION

To maintain an effective and highly productive institution of higher education, it is the desire of Idaho State University (ISU or University) to recruit and retain a qualified workforce and to motivate those employees to build high performing careers with the University. This policy is intended to provide a guide for managers and employees so that the campus community is familiar with the policies and procedures regarding the administration of compensation decisions that balance internal consistency, external competitiveness, and the availability of funding. This policy applies to all areas of the University.

II. POLICY STATEMENT

It is the policy of ISU that employees will be compensated in a fair and equitable manner in accordance with State of Idaho (State) compensation plans, policy, and related legislation. Employees are entitled to be compensated fairly based on market and internal factors including the availability of funds. Management will work with the Office of Human Resources (HR Office) to develop appropriate compensation plans and actions related to changes in employee compensation while balancing a market competitive wage with internal equity, job performance, and the availability of funding.

III. AUTHORITY AND RESPONSIBILITIES

- A. The HR Office is responsible for maintaining this policy and assisting departments and divisions with the process of determining appropriate pay for employees. Different categories of employees have varying employment regulations at the state and federal level that must be adhered to by management. It is the responsibility of the HR Office to ensure that all levels of the management chain are informed of each category of employee or classification and the related laws, rules, policies, and limitations that need to be considered in managing compensation for current and prospective employees.
- B. Supervisors, department heads, and department chairs are responsible for contacting the HR Office when there is a question regarding compensation levels of employees. Supervisors, department heads, and department chairs must adhere to the respective employment laws, rules, policies, and limitations that relate to each job classification or employee category with the assistance of the HR Office. If there becomes a need to modify the compensation of any employee, it is the responsibility of the supervisor, department head, and/or department chair to work with the HR Office in processing the change as appropriate to the circumstances. Failure to comply with the respective employment laws, rules, policies and limitations that relate to each employee category or classification on the part of supervisors, department heads, and department chairs may result in additional financial cost and potential state or federal penalties to the University. The employing department will be responsible for any additional financial cost incurred as a result of non-compliance.
- C. Deans, Vice Presidents, and other executives that report directly to the President are responsible for ensuring that supervisors, department heads, and department chairs within their span of control work with the HR Office when managing employee compensation in accordance with respective laws, rules, policies and limitations related to appropriate job classifications or employee categories. If it becomes necessary to modify the compensation of an employee or employees, it is the responsibility of the managing executive to consult with the HR Office as necessary to apply any approved changes within their division or unit as appropriate to the circumstances. Failure to comply with respective employment laws, rules, policies and limitations that relate to each position classification or employee category on the part of Deans, Vice Presidents, and other executives that report directly to the President may result in additional financial cost and potential state or federal penalties to the University. The employing department will be responsible for any additional financial cost incurred as a result of non-compliance.

IV. PROCEDURES

A. Classified Employee Compensation

1. Establishment of, and changes to salaries and hourly wages:

Compensation for classified employees shall be in accordance with Chapter 53, Title 67, Idaho Code, which provides that compensation decisions will be in accordance with plans, rules, and policies established by the Idaho Division of Human Resources.

2. Overtime Compensation

Classified employees shall be eligible for cash compensation or compensatory time off from duty for overtime work, subject to the restrictions of applicable federal law.

Compensatory time off may be provided in lieu of cash compensation at the discretion of the direct supervisor after consultation, in advance, with the employee.

Compensatory time off shall be paid at the rate of one and one-half (1 ½) hours for each hour worked in excess of forty (40) hours during the work week. Compensatory time off earned during any one-half (1/2) fiscal year, shall be paid in cash on the first payroll following the close of such succeeding one-half (1/2) fiscal year. Compensatory time not taken at the time of transfer to another department or upon separation from State service shall be liquidated by payment in cash at the time of such transfer or separation (Idaho Code §67-5328 (3)(d)). Overtime eligible employees must obtain preauthorization from their respective manager prior to performing overtime work. Failure to obtain pre-authorization to perform overtime work may result in disciplinary action.

3. Automobile

In accordance with State Board of Education (Board) policy, Section II. Subsection E.2, no classified employee will receive an automobile or automobile allowance as part of his/her compensation.

4. Shift Differential

a. Eligibility: shift differential compensation shall be paid if fifty percent (50%) or more of a classified employee's assigned hours in a workweek occur between 6:00 PM and 7:00 AM. Use of accrued leave hours in accordance with ISUPP 3070, *Leave of Absence Policy for Faculty and Staff*, shall be consistent with the assigned shift schedule. For example, an employee who is scheduled to work a night shift and reports accrued leave shall receive shift differential in the same manner as if the employee had worked the assigned shift.

b. Shift Pay Rate: shift differential compensation is paid at the rate of five percent (5%) of the hourly rate of pay.

- c. Hours Paid at Shift Rate: if an employee qualifies for shift differential pay during a workweek, the shift rate shall be calculated for all hours reported in that week, including holiday pay, overtime and leave taken. The resulting amount of shift differential pay shall be included in the compensation for that pay period.

5. Classified Employee Salary Administration

It is the goal of ISU to move classified employees whose work performance is satisfactory toward the policy rate of their respective State pay grade in a timely manner. Placement on the State salary scale beyond the policy rate of the respective pay grade requires extraordinary performance and circumstances unless otherwise dictated by legislative intent.

a. Annual Merit Increase

In coordination with the annual budgeting process, consideration may be given for an annual change in employee compensation based on merit. Job performance as documented in a current performance evaluation and the availability of funds should be the determining factors for an annual merit increase.

b. Discretionary Merit Increases

Discretionary merit raises are defined as extraordinary merit increases given outside of the customary 2080 hour annual cycle in recognition of exceptional achievement and performance. These increases, while rare, may occur during any pay period. To propose a discretionary merit increase, the responsible supervisor should initiate the appropriate management authorization process in consultation with the HR Office for the review and consideration of the management chain up to, and including the respective Vice President or direct report to the President. As part of the review process, the recommended action may be approved, modified, or denied by the HR Office or other responsible office. If the responsible Vice President or direct report to the President does not concur with any modification or denial of a proposed salary action by the HR Office or other office, and the matter cannot be satisfactorily resolved with that office, the next step in resolution is for the responsible Vice President or direct report to the President to address the matter with the Executive Vice President or delegate. If resolution is still not achieved, the final decision regarding the proposed action will reside with the President.

c. Temporary Increases

Special, one time, or temporary increases in salary within an employee's existing pay grade may be recommended in recognition for exceptional achievement or as compensation for significant additional duties assigned to an employee for a

prolonged period, but on a temporary basis. One time or temporary increases may take effect at any time of the year. To propose a temporary increase, the responsible supervisor should initiate the appropriate management authorization process in consultation with the HR Office for the review and consideration of the management chain up to, and including the respective Vice President or direct report to the President. As part of the review process, the recommended action may be approved, modified, or denied by the HR Office or other responsible office. If the responsible Vice President or direct report to the President does not concur with any modification or denial of a proposed action by the HR Office or other office, and the matter cannot be satisfactorily resolved with that office, the next step in resolution is for the responsible Vice President or direct report to the President to address the matter with the Executive Vice President or delegate. If resolution is still not achieved, the final decision regarding the proposed action will reside with the President.

d. Promotional Increases

Salary increases for promotions will typically be five percent (5%) of the base rate of pay or to the minimum of the new pay grade, whichever is greater. Promotional increases above the aforementioned amount require documentation supporting unique performance or special market conditions. To propose a promotional increase that is greater than the customary promotional increase, the responsible supervisor should initiate the appropriate management authorization process in consultation with the HR Office for the review and consideration of the management chain up to, and including the respective Vice President or direct report to the President. As part of the review process, the recommended action may be approved, modified, or denied by the HR Office or other responsible office. If the responsible Vice President or direct report to the President does not concur with any modification or denial of a proposed action by the HR Office or other office, and the matter cannot be satisfactorily resolved with that office, the next step in resolution is for the responsible Vice President or direct report to the President to address the matter with the Executive Vice President or delegate. If resolution is still not achieved, the final decision regarding the proposed IPAS action will reside with the President.

e. Salary Increase Following Upward Position Reclassification

Salary increases following the upward reclassification of a position will be solely based on type of work performed in review of a current job description and Position Description Questionnaire (PDQ) in comparison to the available classifications as established and maintained by the State of Idaho Division of Human Resources.

Salary increases for an upward reclassification will be five percent (5%) of the base rate of pay or to the minimum of the new pay grade, whichever is greater. Reclassification increase recommendations above this amount require documentation supporting unique performance or special market conditions. To propose a salary increase related to an upward position reclassification that is greater than the aforementioned amount, the responsible supervisor should initiate the appropriate management authorization process in consultation with the HR Office for the review and consideration of the management chain up to, and including the respective Vice President or direct report to the President. As part of the review process, the recommended action may be approved, modified, or denied by the HR Office or other responsible office. If the responsible Vice President or direct report to the President does not concur with any modification or denial of a proposed action by the HR Office or other office, and the matter cannot be satisfactorily resolved with that office, the next step in resolution is for the responsible Vice President or direct report to the President to address the matter with the Executive Vice President or delegate. If resolution is still not achieved, the final decision regarding the proposed action will reside with the President.

f. Salary Following Downward Position Reclassification

The salary of employees whose positions are reclassified to a lower pay grade based on type of work performed in review of a current job description and PDQ in comparison to available classifications as established and maintained by the State of Idaho Division of Human Resources will be protected to the maximum in the lower assigned State pay grade. Whenever possible, employees who are impacted by a downward position reclassification will be paid at the same rate of pay.

g. Demotion in Position Classification or Pay

i. Involuntary

If an employee's productivity, reliability, effectiveness, and ability to achieve the goals and objectives of the department should decrease, the supervisor, department head, or department chair may recommend a reduction in pay or involuntary demotion in position classification commensurate with the documented level of employee performance through the appropriate management review process. Such involuntary demotion must be approved by the management chain, up to, and including the respective Vice President or direct report to the President. Involuntary demotions or reductions in pay are subject to State and University due process procedures and must be supported by documentation which clearly specifies reasons and cause for the action.

Management teams must consult with the HR Office for assistance with involuntary demotion or compensation decrease proceedings.

ii. Voluntary

Employees who request and receive approval for a voluntary demotion in position classification will have wage protection to the same percentile in the lower State pay grade, or five percent (5%) above the minimum of the new pay grade, whichever is greater. Exceptions above this rate must be requested in writing and must be supported by unique performance or special market considerations. To propose a salary that is greater than the aforementioned amount following a voluntary demotion, the responsible supervisor should initiate the appropriate management review process in consultation with the HR Office for the review and consideration of the management chain up to, and including the respective Vice President or direct report to the President. As part of the review process, the recommended action may be approved, modified, or denied by the HR Office or other responsible office. If the responsible Vice President or direct report to the President does not concur with any modification or denial of a proposed action by the HR Office or other office, and the matter cannot be satisfactorily resolved with that office, the next step in resolution is for the responsible Vice President or direct report to the President to address the matter with the Executive Vice President or delegate. If resolution is still not achieved, the final decision regarding the proposed IPAS action will reside with the President.

h. Failure to Satisfactorily Complete Promotional Probationary Period

Should an employee fail to perform satisfactorily during the probationary period for a position to which he or she has been promoted, the employee shall have the opportunity to return to a classification in which he or she holds permanent status as described in the Idaho Division of Human Resources rules. Salary for the employee shall revert to the equivalent rate of pay held at the time of promotion plus any subsequent merit or other approved adjustments in salary for which the employee would have been eligible.

i. On-Call and Call-Back Time

i. On-Call

1. Time spent on-call is defined as time a classified employee must be available, fit for duty, able to report, and actually report to the assigned work location within thirty (30) to sixty (60) minutes (time to be predetermined by

the responsible supervisor), of receiving a call to respond to an emergency/critical situation. Time spent in on-call status cannot be recorded as time worked, nor will overtime accrue during time spent in on-call status. If the employee is directed to remain on the University premises or so nearby they cannot use their time freely, time is compensable on an hour-for-hour basis and shall not be considered on-call.

2. Whenever possible, on-call duty should be assigned in no more than one (1) week blocks and should be rotated evenly through available employees who can report to work within the required time limit, are assigned to the appropriate position classification, and possess the required skills to perform necessary work that may occur. An employee who has previously scheduled vacation cannot be required to be on-call during an already approved vacation period.
3. All classified employees, both Federal Labor Standards Act (FLSA) non-exempt and exempt, assigned to on-call duty shall receive two (2) hours of compensatory time for each week assigned on-call duty, regardless if called back or not. This compensatory time shall be added to the employee's compensatory time balance. When an employee is assigned on-call duty, the employee must clearly document such time on his/her time reporting.

ii. Call-Back

1. Time spent in call-back occurs when a classified employee is contacted and requested to return to the assigned work location during times other than their normal work schedule. Call-back can occur as a result of either assigned on-call duty or not being assigned on-call duty. If called back, a classified employee will receive pay for actual time worked or two (2) hours, whichever is greater and the employee must clearly document such time on his/her time reporting. FLSA non-exempt employees called back during an official University holiday are entitled to be paid at a rate of time and one-half (1 ½) for actual hours worked or two (2) hours, whichever is greater, on the holiday.
2. Hours actually worked as a result of being called back shall be compensated at the regular rate of pay, and shall be subject to the overtime provisions pursuant to the FLSA and the rules of the Idaho Division of Human Resources. Classified FLSA exempt employees are treated differently. Such employees called back shall not receive compensation beyond their normal salary; rather, they shall receive compensatory time for actual time worked or two (2) hours, whichever is greater.

3. Any travel associated with coming into work or returning home will be considered regular travel to work and is not considered time worked and will not be compensated.
4. Payment for handling telephone calls will be compensated on an accumulated, actual time basis that when combined, equals or exceeds fifteen (15) minutes during a given pay period.
5. A supervisor may adjust an employee's work schedule to avoid overtime, but cannot reduce total hours worked to less than the amount each employee is guaranteed each week by position assignment.

j. Lateral Transfers

- i. Under the rules of the Idaho Division of Human Resources and Personnel Commission, it is permissible for a classified employee to accept a lateral, non-promotional transfer to a position within the same State pay grade, provided that they meet the minimum qualifications for the respective position if it is in a different classification. Transfers in the same classification or one to a position within the same pay grade shall have no effect on the employee's salary unless a lower salary is negotiated due to lack of available funding. The prospective supervisor is expected to review performance evaluations and references and to consult with the current supervisor and the HR Office prior to enacting a lateral transfer.
- ii. The transferred employee carries all accrued vacation and sick leave as well his/her anniversary date to the new position, provided that there is no break in service.
- iii. The new department is obligated to honor pay raises, sick leave and vacation leave as though the employee had worked without interruption from the original date of hire for the new department. There is no additional probationary period for lateral transfers internal to ISU. Departments may work with the HR Office to negotiate a voluntary probation with individuals seeking a lateral transfer from another State agency.

B. Non-Classified Employee and Faculty Compensation

1. Authority to Set Salaries

The President or his/her designee has the responsibility for the administration of non-classified employee and faculty compensation. Each Dean, Director, or unit head will recommend to the President or his/her designee, salary levels of faculty and non-classified employees within their unit. The Board has final authority to approve salary

recommendations for each institution under its jurisdiction as part of the annual budgeting process. Either the Board or the Idaho Legislature may stipulate procedures or guidelines regarding salaries which can impact the administration of faculty and non-classified employee compensation.

2. Factors Affecting Salary Decisions

The following factors will be considered when setting the salary for non-classified employees and faculty:

- a. Individual qualifications appropriate to the specific areas of responsibility;
- b. Individual professional record (includes teaching, research and service for faculty);
- c. Relative equity in position (rank, tenure and discipline for faculty) to other salaries within the institution; and
- d. Relative equity in position (rank, tenure and discipline for faculty) to comparable salaries in the region or applicable market.

3. Annual Merit Increases

A plan for annual merit increases shall be determined by the President or his/her designee, on recommendation and in consultation with the HR Office and other appropriate offices within Finance, and shall be based on:

- a. Size of the state appropriation and/or salary pool designated by the institution; and
- b. Employee performance as documented in a current performance evaluation (including teaching, research, and service for faculty).

4. Off-Cycle Salary Adjustments

To propose any salary adjustments outside of the annual merit increase plan, the responsible supervisor should initiate the appropriate management review process in consultation with the HR Office for the review and consideration of the management chain up to, and including the respective Vice President or direct report to the President. As part of the review process, the recommended action may be approved, modified, or denied by the HR Office or other responsible office. If the responsible Vice President or direct report to the President does not concur with any modification or denial of a proposed action by the HR Office or other office, and the matter cannot be satisfactorily resolved with that office, the next step in resolution is for the responsible Vice President or direct report to the President to address the matter with the Executive Vice President or delegate. If resolution is still not achieved, the final decision regarding the proposed IPAS action will reside with the President.

5. Overtime Compensation

FLSA exempt non-classified employees, including faculty, are not eligible for either cash compensation or compensatory time off for overtime work. Nonclassified employees in positions that are defined as “non-exempt” under the FLSA shall be eligible for cash compensation or compensatory time off from duty for overtime work, subject to the restrictions of applicable federal law. Compensatory time off may be provided in lieu of cash compensation at the discretion of the direct supervisor after consultation, in advance, with the employee. Compensatory time off shall be paid at the rate of one and one-half (1 ½) hours for each hour worked in excess of forty (40) hours during the work week. Compensatory time off earned during any one-half (1/2) fiscal year, shall be paid in cash on the first payroll following the close of such succeeding one-half (1/2) fiscal year. Compensatory time not taken at the time of transfer to another department or upon separation from State service shall be liquidated by payment in cash at the time of such transfer or separation (Idaho Code § 67-5328 (3)(d)). Overtime eligible employees must obtain pre-authorization from their respective manager prior to performing overtime work. Failure to obtain pre-authorization to perform overtime work may result in disciplinary action.

6. Salaries and Other Compensation Considerations

In accordance with governing Board policy, the following matters will be adhered to with regard to faculty and non-classified staff compensation:

- a. Salaries for new appointments to dean, associate/assistant dean, vice president, and president/vice president direct report positions may not exceed the median rate for such position established by the College and University Professional Association for Human Resources (CUPA-HR), or its equivalent, without prior Board approval.
- b. Appointments to acting or interim positions shall be at base salary rates no greater than ten percent (10%) more than the appointees’ salary rate immediately prior to accepting the interim appointment or ninety-five percent (95%) of the prior incumbent’s rate, whichever is greater.
- c. Unless expressly authorized by the Board, no non-classified employee or faculty member will receive an automobile or automobile allowance as part of his or her compensation.

C. Temporary or Special Project Non-Classified Employees

Temporary or special project non-classified employees, including student employees and adjunct faculty as defined in ISUPP 3050, *Categories of Employees*, Section II.B.3, will be

compensated pursuant to the rules and regulations of the State and the provisions of the FLSA and other applicable federal regulations.

D. Performance Based Bonuses

In addition to annual merit increases as described in this policy, the President or his/her designee may grant lump sum bonuses to employees upon certification of exceptional meritorious service. Performance bonuses, while rare, may be issued during any pay period. Supervisors who wish to propose a performance-based bonus shall initiate the appropriate management review process to document the exceptional meritorious service of the employee and the availability of funds for the review and consideration of the management chain up to and including the respective Vice President or direct report to the President. As part of the review process, the recommended action may be approved, modified, or denied by the HR Office or other responsible office. If the responsible Vice President or direct report to the President does not concur with any modification or denial of a proposed action by the HR Office or other responsible office, and the matter cannot be satisfactorily resolved with that office, the next step in resolution is for the responsible Vice President or direct report to the President to address the matter with the Executive Vice President or delegate. If resolution is still not achieved, the final decision regarding the proposed action will reside with the President.

1. Eligibility: To qualify for a performance bonus, the following criteria must be met, contingent upon the availability of funds:
 - a. The employee's recent service must be exemplary and exhibit significant contributions to the University;
 - b. The employee must have a performance evaluation rated at least "Meets Performance Expectations" or better within the past twelve (12) months; and
 - c. The proposing department must provide written justification for the performance bonus which will be reviewed through the appropriate management review process and will be retained in the employee's personnel file.
2. Approval Authority: The President or his/her designee may approve performance bonuses through the appropriate management review process within the following parameters:
 - a. The President or his/her designee may authorize up to twenty percent (20%) of employees, (based on full-time equivalency) a performance bonus, contingent upon the availability of funds. Any bonuses paid to more than twenty percent (20%) of employees requires prior approval from the Idaho Division of Financial Management and the Idaho Division of Human Resources; and

- b. The President or his/her designee may authorize none, one, or multiple performance bonuses to the same employee during the course of a fiscal year, up to a combined maximum total of two thousand dollars (\$2,000) per fiscal year. Any bonus amount of more than two thousand dollars (\$2,000) per fiscal year for an employee must receive prior approval by the State Board of Examiners.

V. RELATED LAWS, RULES, AND POLICIES

- A. *Categories of Employees* ISUPP 3050, <https://www.isu.edu/policy/human-resources/>
- B. *Leave of Absence Policy for Faculty and Staff* ISUPP 3070, <https://www.isu.edu/policy/human-resources/>
- C. *Compensation in Excess of Base Salary* ISUPP 7020, <https://www.isu.edu/policy/research/>
- D. Idaho Code § 67-5309B – Idaho Compensation Plan, <https://legislature.idaho.gov/statutesrules/idstat/title67/t67ch53/sect67-5309b/>
- E. State of Idaho Executive Branch Policies <https://dhr.idaho.gov/statutes-rules-and-policies/>
 - 1. Section 1 – Compensation
- F. State of Idaho, Division of Human Resources, Classified Employee Pay Schedule <https://dhr.idaho.gov/Compensation/StateEmployeeCompensation.html>
- G. IDAPA 15.04.01, Rules of the Idaho Division of Human Resources, <https://adminrules.idaho.gov/rules/current/15/150401.pdf>
- H. Idaho State Board of Education Governing Policies and Procedures, Section II Human Resources Policies and Procedures <https://boardofed.idaho.gov/board-policies-rules/board-policies/human-resources-policies-section-ii/>
 - 1. Subsection E – Policies Regarding Classified Employees
 - 2. Subsection F – Policies Regarding Non-Classified Employees
 - 3. Subsection G – Policies Regarding Faculty
- I. Fair Labor Standards Act (FLSA), Compliance Assistance, <http://www.dol.gov/whd/flsa/>