

UNIVERSITY of HOUSTON
MANUAL OF ADMINISTRATIVE POLICIES AND PROCEDURES

SECTION: Human Resources
AREA: Compensation

Number: 02.01.01

SUBJECT: Pay Guidelines for Staff Employees
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I. PURPOSE AND SCOPE

This document sets general guidelines for establishing hiring rates and implementing pay adjustments for staff employees at the University of Houston. The policy is developed in accordance with applicable federal, state, and local laws and regulations, including the [Fair Labor Standards Act](#), the [Equal Pay Act of 1963](#), and the biennial [General Appropriations Act](#). This policy applies to the pay of all benefits-eligible staff employees, regardless of the source of funds from which paid, but does not apply to faculty or professional librarians.

II. POLICY STATEMENT

It is the policy of the university to compensate employees fairly without regard to age, gender, race, color, religion, national origin, disability, military status or sexual orientation and to comply with all applicable federal, state and local laws and regulations affecting employee compensation.

The policy of the University of Houston System and its universities is to ensure equal opportunity in all its educational programs and activities, and all terms and conditions of employment without regard to age, race, color, disability, religion, national origin, ethnicity, military status, genetic information, or sex (including gender and pregnancy), except where such a distinction is required by law. Additionally, UH System prohibits discrimination in all aspects of employment and educational programs on the basis of sexual orientation, gender identity, or gender expression. For the UH System's Official Non-Discrimination Statement, see [SAM.01.D.05 – Equal Opportunity and Non-Discrimination Statement](#).

To ensure internal consistency and external competitiveness in pay and enhance the university's ability to attract, retain, and motivate qualified employees, the university shall be responsible for the following:

- A. Maintaining an equitable classification of jobs by pay grade and competitive pay ranges for these grades;
- B. Ensuring that employees are compensated commensurate with their job, based on individual performance, contribution to the university and availability of funds; and
- C. Maintaining personnel costs within budgets.

Pay rates for prospective or current employees must comply with this policy. Offers may not be made or pay rates established without approval of the Human Resources Department, except as provided herein.

III. DEFINITIONS

- A. Across-the-board increase: A certain percentage or amount of pay increase designated to all employees on the same date.
- B. Demotion: A change in duty assignment from a job in one classification to a job in another classification in a lower pay grade. Such a demotion may involve a decrease in compensation.
- C. Equity pay adjustment: An adjustment to an employee's base pay rate to correct or alleviate (1) a significantly negative pay relationship to the external market, and/or (2) a significant internal pay inequity. The definition of significant pay difference means greater than 15 percent.
- D. Hiring rate: The beginning pay rate at which an employee is hired into a job.
- E. Interim assignment: A temporary, acting, interim or similar assignment may be made to perform all or part of a vacant position, or to perform specific, temporary duties that are not expected to be of a permanent nature. A temporary pay increase may be granted to an employee for additional responsibilities for a specified period of time.
- F. Job: A collection of tasks, duties, and responsibilities that constitutes the assignment for one or more individuals whose work is of the same nature and that require essentially the same qualifications. Each job has an official university title and is assigned to a pay grade.
- G. Job classification: Assignment of a job to a pay grade based on a quantitative evaluation of the job.
- H. Job evaluation: The review of a job classification that may result in reassignment of the job to a higher or lower pay grade as a result of significant changes in responsibilities, duties, market value and/or requirements.
- I. Lateral transfer: A change in duty assignment to another job with the same pay grade and pay range. Normally, there is no change in pay associated with a lateral transfer.
- J. Merit increase: An in-grade pay increase granted in recognition of an employee's individual performance level and based upon documented performance criteria.
- K. Merit increase budget: The budget amount determined by the administration that is authorized for merit increases during the budget preparation.
- L. Midpoint: The pay level midway between the minimum and maximum rates of the pay range. Midpoints represent the university's desired competitive job rate relative to the external market.
- M. Pay grade: A pay level into which jobs of the same or similar value are grouped for compensation purposes. All jobs in a pay grade have the same pay range.
- N. Pay range: The range of pay rates established for a pay grade. The minimum and maximum of each pay range represent the minimum and maximum values, respectively, to the university of all jobs assigned to that particular pay range.

- O. Pay rate: The specific salary or hourly rate within the pay range that is paid to the employee. Under terminology provided by federal law, exempt employees are paid salaries, and non-exempt employees are paid an hourly rate.
- P. Position: A unique placeholder used to assign a specific job code and title to a department for an individual employee, used to track full time equivalency (FTE). Many positions may be assigned to the same job code and title. This term is typically used for budgetary tracking of FTE.
- Q. Promotion: A change in duty assignment from one job to a new job in a higher pay grade, which involves a higher level of responsibility and higher job requirements, and usually involves an increase in pay. Generally, promotions are movement within the same job family or following a defined career path.
- R. Promotional increase: An adjustment to an employee's base pay rate associated with a promotion.
- S. Quartiles: The four equal parts of the pay range. Typically, an employee's pay position in the pay range is related to factors such as performance, job experience, and/or years of service.
- T. Reclassification: A change in a position's job title and/or grade level based on a significant change in the duties and level of responsibility, as revealed in an audit or review of the job by the Human Resources Department.
- U. Red circle rate: A pay rate that falls above the maximum of the pay range. Employees with red circle rates are normally not eligible for any type of base pay increase as long as their base pay rate remains above the maximum of the pay range. Exceptions to this require HR prior approval.
- V. State-mandated increase: An increase set by the State Legislature, normally as a provision of the General Appropriations Act, which sets limits and specifies certain terms of the increase. The General Appropriations Act may or may not provide funding for a state-mandated increase.
- W. Transfer: A move by an employee from one university job in one department/division to another vacant job in another department/division, resulting from voluntary application for the job by the employee. A transfer may be a promotion, a lateral move, or a demotion, depending upon whether the job transferred to is to be assigned a higher, the same, or a lower job classification and pay grade.
- X. Reorganization: A reorganizing of jobs within a department or reorganizing of departments and jobs within a division. This may result in jobs being evaluated and/or job title changes. Pay adjustments as a result of the reorganization of jobs are justified only by promotion, demotion, evaluation of the job, or equity using the definition and procedures contained in this policy.

IV. POLICY AND PROCEDURE PROVISIONS - SALARIES FOR NEW HIRES

Pay rates for new hires shall be set in accordance with the classification and related pay grade of the job (see [MAPP 02.01.02 - Classification of Staff Jobs](#)), the qualifications of the applicant, the hiring department's recommendations, and other considerations such as the relationship to rates paid to similarly qualified employees in the job and organizational unit. Internal equity considerations are an important factor in determining appropriate levels of pay.

- A. Employees meeting the minimum qualifications of the job should normally be paid in the first quartile. However, pay rates for new employees possessing qualifications in excess of the minimum qualifications may be placed above the first quartile up to the midpoint of the range with the approval of the dean or director, and the college or division business administrator. Pay rates for new employees with exceptional qualifications may only be placed above the midpoint of the range with the prior approval of the dean or director, the college or division business administrator, and the Human Resources Department.
- B. The hiring college or division has full authority to set the pay for exempt and non-exempt jobs at rates up to and including the midpoint of the range based on the applicant's qualifications for the job. Pay rates above the midpoint require the prior approval of the college or division business administrator and the Human Resources Department.
- C. In determining hiring rates, consideration will be given to the position in the pay range, whether the rate allows sufficient room for future growth, and the relationship to rates paid to other employees in the job and/or organizational unit. Competitive external pay survey data will also be considered, under the advice of the Human Resources Department.
- D. A memo of justification must be submitted when requesting to hire an employee into either exempt or non-exempt job at a salary above the midpoint of the salary range, together with any supporting documentation.

V. POLICY AND PROCEDURE PROVISIONS - EMPLOYEE PAY ADJUSTMENTS

Pay rates for employees may be adjusted only for the reasons listed below. Decisions to grant across-the-board increases cannot be initiated at the department, college, or division level.

Decisions to grant merit or equity or rewards based increases must be part of the budget cycle plan and can be initiated at the division level if funds are available and require prior approval by Human Resources to ensure compliance and equity across the university is preserved. Pay Guidelines to assist Departments in determining the amount of pay increase to award will be posted on the [Human Resources web site](#) and communicated annually during the budget cycle. Pay adjustments above the maximum of the salary range are prohibited in general and in exceptional circumstances require prior approval of the college or division Vice President and the Human Resources Department.

- A. State-mandated increase: The legislature may establish requirements for employee pay increases - either across-the-board increases or increases based on merit. The legislature may provide additional funds to cover mandated increases, or increases may be mandated and not funded. Legislatively-mandated increases will normally be included as part of the budget cycle and will be effective September 1.
- B. Institutional decision: The University of Houston System or the University of Houston may provide for institution-wide pay increases - either across-the-board or based on merit. Institutional increases that take the employee's salary above the maximum of the range require prior approval of the Human Resources Department.
 - 1. University policy permits the awarding of merit increases to reward the employee's documented performance on the job.
 - 2. When a merit increase program is funded and authorized, the Human Resources Department will prepare and distribute detailed guidelines to college and division business administrators. The guidelines will include the authorized merit increase budget, funding requirements, performance eligibility criteria (based on

the merit increase guidelines approved by the President for that fiscal year), and other program criteria.

3. Proposed merit increases will be reviewed, approved, and submitted in accordance with the detailed guidelines distributed by the Human Resources Department at the time of the authorized merit increase program.
 4. Merit increases will not be communicated to employees until all applicable reviews and approvals have been obtained, including the Human Resources Department.
- C. Any adjustment to the pay of a staff employee whose new annual salary is \$120,000 or higher, requires the prior notification from Human Resources to the Senior Vice President for Administration and Finance. An adjustment of any amount to the pay of a President, Vice President or Dean also requires the prior approval of the board.

For all such requests for pay adjustments, a Justification of Salary Increase Memorandum must be completed and submitted to the Human Resources Department.

The approvals of the department head or director, the dean, the college or division business administrator, and the responsible vice president shall be obtained, as well as that of the Office of Sponsored Programs, when sponsored project funds are involved. The Human Resources Department will review and approve the increase.

- D. Other pay adjustments that may take place at other times at the discretion of the department, college or division include those based on the following circumstances:
1. Promotion: An increase may be made to an employee's base pay when the employee moves to a more responsible job assigned to a higher pay grade. Typically an employee would be eligible for a promotion after their initial probationary period is passed (from date of hire—exempt is 1 year, non-exempt is 6 months); when their performance contributions have been documented; and when they have demonstrated the competencies, skills, and knowledge to move up to the next level in their career path or job family. The following factors will be considered by the hiring authority and by the Human Resources Department when determining rates of increases for promotions.
 - a. Rates paid to other employees in that job, both within the hiring college or division and across the university.
 - b. Pay range for the new job and the number of pay grades between the old job and the new job.
 - c. Job performance of the individual being promoted.
 - d. Qualifications of the individual, compared to the qualifications of other employees in the same job in the college or division, as well as other employees across the university.
 - e. Competitive external pay data, if available.
 - f. Whether the promotion involves a change from non-exempt to exempt classification.
 - g. When an employee is promoted, their pay will normally be increased to reflect the new level of responsibility. In isolated situations,

- e. The division Vice President must forward the supporting paperwork to Human Resources for review.
4. Reclassification: Employees whose jobs are evaluated and then reclassified to a different pay grade may require adjustments to their base pay rates. This type of salary adjustment is not a result of performance; but a result of the job being evaluated and must be communicated as such by the immediate supervisor and/or manager to the employee.
 - a. The Human Resources Department may evaluate a job and reassign it to a different pay grade. More information regarding reclassification of jobs can be found in [MAPP 02.01.02 – Classification of Staff Jobs](#).
 - b. When a job is evaluated and assigned to a higher pay grade, increases to the base pay rates of the employees in the jobs may be required. Calculations of the pay increases will normally be handled in the same manner as promotions (Section V.D.1. above). Any pay increase granted should raise the employee's pay to at least the minimum of the new pay grade.
 - c. Evaluating a job to a lower pay grade will not normally result in a reduction to an employee's pay. A downgrade will require that if the current pay of an employee is above the new maximum, the individual's pay will be "red-circled" and all increases to base pay will be withheld until the compensation level is less than the new maximum.
 5. Lateral Transfers or Lateral Reclassifications: A lateral reclassification occurs when the responsibilities of a job have changed but are similar in scope, and the overall job requirements are comparable and have the same pay grade as the old job. A lateral transfer occurs when an employee transfers to another job within the same pay grade and pay range. Normally, there is no change in pay associated with a lateral transfer or lateral reclassification.
 6. Equity: An equity adjustment may be made to correct or alleviate a significantly negative pay rate relationship to the external market or a significant internal pay inequity. This type of salary adjustment is not a result of performance; but a result of the job being evaluated and must be communicated as such by the immediate supervisor and/or manager to the employee.
 - a. The Human Resources Department conducts biennial audits of pay rates within classifications to identify potential pay inequities. It is also the responsibility of the college or division to bring to the attention of the Human Resources Department any significant pay inequity or other pay problem that may exist within the unit.
 - b. The dean or director may request an equity pay adjustment whenever they have reason to believe that the present pay level of an employee or group of employees is presenting any of the following problems and is, therefore, significantly reducing the University's ability to provide services:
 - i. The job(s) experiences an unusual level of turnover of employees in the group.

- ii. The affected college or division has experienced difficulty in recruiting qualified candidates to fill vacant jobs.
 - iii. A significant disparity exists in rates for similarly classified employees in that unit.
 - iv. The level of pay is substantially below the comparable level of compensation for similar employment outside the University of Houston.
 - v. Significant difference in pay is defined as 15% or greater.
7. Demotion: Pay rates of employees assigned to lower pay grades may be adjusted downward based on the pay rates of incumbents in the new classification. If the employee's pay rate is above the maximum of the job and the demotion is not a result of performance; the employee's pay rate can be "red-circled" and all increases to base pay will be withheld until the compensation level is less than the new maximum.
- a. New pay levels of employees who are demoted to jobs assigned to lower pay grades will be based primarily on the base pay rates of current employees in the new classification.
 - b. A demotion may result in a reduction in the employee's base pay:
 - i. When a job is evaluated as a result of management initiative and reassigned to a lower job classification and pay grade, the employee's base pay rate will normally be reduced.
 - ii. When an employee transfers voluntarily to a different job assigned to a lower job classification and pay grade, the employee's base pay rate may be reduced.
 - c. All demotions require the prior approval of the Human Resources Department.
8. Interim assignment: A temporary pay increase may be granted for assuming additional responsibilities on an interim basis for a specified period of time or until the vacant job is filled. Interim assignments will not result in changes to exemption status as defined in FLSA regulations.
9. Additional Compensation: A temporary pay increase for work performed outside the employee's normal duties and outside normal work hours. Additional Compensation is pay in addition to the employee's regular base salary. Nonexempt employees shall be paid overtime as required by the Fair Labor Standards Act and state regulations. More information regarding additional compensation can be found in [MAPP 02.01.06 – Additional Compensation – Exempt Staff](#) and [MAPP 02.01.03 – Overtime/Compensatory Time](#).

VI. POLICY PROVISIONS - GENERAL

- A. Funds for university wide pay adjustments are usually determined during the annual budget preparation cycle and shall be approved by the Board of Regents with the annual operating budget.

- B. Except where across-the-board increases are mandated or equity adjustments are required, the recognition of meritorious performance should be the dominant consideration in reviews and adjustments of pay. The Human Resources Department shall maintain and communicate up-to-date, written procedures for evaluation of employee performance. All employees must receive a review of their performance at a minimum of once per fiscal year. These annual reviews can form the documentation necessary to justify merit increases.
- C. An employee with delinquent university debt is ineligible for any personnel action that results in increased status or pay or any other financial benefit until the delinquent debt is paid in full. ([MAPP 05.03.01 - Employee Financial Responsibility](#))
- D. All pay adjustments are subject to review, approval, and recommendation through established channels, including the Human Resources Department.
- E. Benefit Replacement Pay: Benefit Replacement Pay for eligible employees (continuous state service since 8/31/1995) is considered to be included in the salary for current and newly-hired employees, as well as for any subsequent salary adjustments.
- F. All approvals prescribed in this MAPP must be obtained prior to the effective date of the pay increase or change in salary. Documents changing employee records received in Human Resources after the effective date of the pay increase or change shall have the effective date changed by Human Resources to reflect the date of the beginning of the next pay period.

VII. REVIEW AND RESPONSIBILITY

Responsible Party: Associate Vice President, Human Resources

Review: Every five years

VIII. APPROVAL

 / Raymond Bartlett /
 Senior Vice President for Administration and Finance

 / Renu Khator /
 President

Date of President's Approval: _____ January 27, 2024 _____

IX. REFERENCES

[Fair Labor Standards Act of 1938, as amended](#)

[Equal Pay Act of 1963](#)

[SAM 02.B.04 – Salary Guidelines for Non-Faculty Personnel](#)

[MAPP 02.01.02 – Classification of Staff Jobs](#) [MAPP 02.01.04 – Staff Performance Appraisals](#)

[MAPP 05.03.01 – Employee Financial Responsibility](#)