


OFFICE OF THE CHANCELLOR

To: USM Presidents
FROM: Robert L. Caret, Chancellor
DATE: May 22, 2018
RE: FY 2019 USM Compensation Guidelines

*I. Introduction*

The General Assembly completed the 2018 Session, and as a result, I can now provide guidelines for the compensation of faculty and staff members of the University System of Maryland (USM) in Fiscal Year 2019. The FY 2019 budget includes a 2% Cost of Living Adjustment, but does not provide for merit increases. Following are tools that are available to manage compensation:

- The General Assembly has placed no restrictions on the ability of institutions to provide for retention, equity and other necessary increases to faculty and staff during the coming fiscal year.
- The current exempt salary structure will continue “as is” until January 1, 2019, and then will increase 2.0% simultaneously with the Cost of Living Adjustment granted on that date.

The following mandatory guidelines take effect July 1, 2018 and will continue through the fiscal year. They are intended to implement the State Budget requirements related to employee compensation that will arise in FY 2019. Each President may establish institutional guidelines consistent with this document and related USM policies to ensure their appropriate administration on your campus and to address compensation processes, issues or collective bargaining requirements specific to your institution.

II. Scope

These guidelines apply to all USM Faculty and Staff employees in Regular or Contingent I or II status, regardless of the source of funding for the employee’s position. The only categories of compensated individuals exempted from these guidelines are adjunct faculty, graduate assistants, fellows, post-docs and student employees. Nonetheless, each institution is encouraged to consider appropriate increases in the compensation and/or stipends of these groups of employees and students.

III. Guidelines

A. Merit Increases

Merit or other increases to base pay for performance or tenure are not authorized.

B. Cost of Living Adjustment

As stated previously, all regular USM faculty and staff will receive a 2.0% cost of living increase on January 1, 2019. Also, if FY 2018 general fund revenues exceed forecasted levels by at least \$75 million, these employees will receive an additional 0.5% COLA and a one-time \$500 bonus effective April 1, 2019. Institutions may elect to provide a COLA to contractual faculty and contingent staff employees as a matter of institution discretion.

C. Salary Structures

1. **Nonexempt Staff Salary Structure:** Will remain in place.
2. **Exempt Staff Salary Structure:** As mentioned above, the structure implemented in January 1, 2017 will remain in effect until January 1, 2019, and then will increase 2.0% to match the Cost of Living Adjustment granted on that day.

D. Minimum Wage

The minimum wage for Maryland workers will increase to \$10.10 per hour starting July 1, 2018. The minimum wage applies to all USM employees, including student employees and general assistants.

E. Other Types of Compensation Increases Not Restricted by the Guidelines:

1. **Retention** (to be used judiciously when necessary to retain a difficult-to-replace employee).
2. **Variable Compensation Programs for Faculty.**

Institutions with established faculty incentive programs (e.g., Total Approved Salary) related to externally funded contracts, grants, and clinical services, may increase compensation up to the previously established ceiling, as appropriate and governed by institutional policy and procedures. The incentive program ceiling for an individual cannot be increased. Additional State and auxiliary funds may not be used to fund additional compensation under this option.

For employees who are compensated with direct Veteran's Administration (VA) payments, the Total Approved Salary may reflect adjustments made to the VA component as required by the VA.

3. **Equity Increases** (e.g., increases required to comply with federal and state equal opportunity employment laws and federal immigration laws).
4. **Reclassifications.**
5. **Promotions.**

6. Payment for Additional Duties (e.g. summer and winter term teaching, overload teaching, on-call or clinical coverage, and temporary service in an acting capacity).
7. Established Institution Awards (including Board of Regents awards for staff and faculty, and institution service awards).
8. Contract Renewal Increases (i.e. salary increases related to the renewals of contracts for contractual faculty and Contingent Staff employees).
9. Non-Cumulative Cash Bonuses.

An institution may award a non-cumulative cash bonus as described in BOR Policy VII-9.11, Policy on Pay Administration for Exempt Positions, Section III. K., and BOR Policy VII-9.20, Policy on Pay Administration for Regular Nonexempt Staff Employees, Section XVI. Your recommendations for bonus eligibility and the bonus pool amounts available at your institution are to be sent to me for approval before July 1, 2018.

10. Non-Salary Taxable Compensation.

Increases in non-salary taxable compensation (e.g., housing and car allowances, and deferred compensation contributions) authorized by the President and approved in advance by the Chancellor.

F. Other Salary Adjustments

Other compensation adjustments generally should not be made during the fiscal year.

IV. Required Reports

The following reports are required in FY 2019 and should be sent to HR Officer Tom Hoffacker in the USM Office no later than Monday, July 16, 2018, unless otherwise stated:

A. President's Affirmation Letter.

Affirms that the compensation actions taken for FY 2019 are consistent with the guidelines established herein and affirms that contracts are handled appropriately as stated in USM Policy VII-10.0, Policy on Board of Regents Review of Certain Contracts and Employment Agreements.

B. Updated List of Institution Key Staff Employees.

This must include, at a minimum, institution officers, direct reports to the President, and individuals whose contracts or other compensation agreements fall under the USM Policy VII-10.0, Policy on Board of Regents Review of Certain Contracts and Employment Agreements and contain compensation data for FY 2018 and FY 2019.

C. Report of Significant Salary Adjustments.

Provides details of Regular Faculty and Exempt Staff employee salary adjustments to base pay that result in a cumulative compensation increase of 15% or more from July 1, 2018 to June 30, 2019. This report will be due on July 19, 2019.

The report should exclude changes to FTE unless the change in pay is not in proportion to the change in FTE. The report should also exclude promotions.

Suggested reporting formats for each of these reports, an affirmation letter template, and other guidance will be provided to the SHRC by June 5, 2018. If you have any questions regarding these guidelines and reporting requirements, please contact Tom Hoffacker at (301) 445-1967 or via email at thoffacker@usmd.edu. Thank you.

cc: Ellen Herbst, VCAF
Vice Chancellors
Vice Presidents for Administration and Finance
Provosts and Chief Academic Affairs Officers
Systemwide Human Resources Committee (SHRC)

Carolyn Skolnik
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