

Compensation Administration

Effective: July 1, 2019

Contact: [University Human Resources \(UHR\) Classification and Compensation](#)

Introduction

Iowa State University recognizes the importance and contribution of its faculty and staff in pursuing, achieving and supporting the university's mission. Therefore, the university maintains a compensation program directed toward attracting, retaining and rewarding a qualified, high-performing and diverse workforce.

Reason for Policy

This policy promotes a mutual understanding regarding the purpose of salaries, establishes rationale for annual salary adjustments, and guides consistency and accountability in compensation practices for employees covered by this policy.

Policy Statement

Adjustments to salary for employees covered by this policy (i.e., faculty, professional and scientific staff, contract employees, and post docs) must be supported by written justification. All salary adjustments are subject to administrative review and approval as noted below.

There are several reasons for awarding a salary adjustment.

- **Performance.** Employees who consistently meet the standards of performance for their positions will receive a performance based, meritorious salary adjustment in accordance with the parameters established during the annual review process. The adjustment must be documented by a written performance evaluation and will be effective annually as stipulated in the annual meritorious increase process. Performance based salary adjustments may not be proposed outside of the annual review process.
- **Market or equity.** Market (or market rate) is the rate of pay with which Iowa State University competes in fields or disciplines in local, regional or national markets. When necessary and appropriate, salary adjustments not related to performance, but intended to correct market or equity disparities may be proposed for individual employees or groups of employees. Institutional resources regarding market data are available and should be utilized. Consultation with University Human Resources Classification and Compensation regarding market and equity adjustments for P&S staff is part of the documentation process. Salary adjustments for faculty require the approval of the Senior Vice President and Provost. Salary adjustments for P&S staff require approval from University Human Resources Classification and Compensation.
- **Retention.** Adjustments may be requested under special circumstances and require the approval of the Senior Vice President and Provost or University Human Resources Classification and Compensation for faculty or P&S staff, respectively.

Parameters

Once a year, parameters will be established and disseminated to guide the administration of the meritorious increase process. The process will include consultation with the Faculty Senate, consistent with the Faculty Handbook, and the P&S Council. The parameters will include:
A minimum salary adjustment percentage to recognize satisfactory performance, and
A threshold above which an individual salary increase will require additional approval. .

Additional guidelines may be established during annual meritorious increase process as deemed necessary by the circumstances.

Funding

The salary adjustment policy is applicable for all fund sources. All individual salary adjustments are subject to available funding.

Definitions

- **Performance based, meritorious salary adjustment.** An adjustment made in recognition of work performance that meets or consistently exceeds performance standards documented through an established evaluation process.
- **Market based salary adjustment.** A salary adjustment to correct an external pay rate disparity related to the job being performed (not related to performance) using Iowa State University recognized market data.
- **Equity based salary adjustment.** A salary adjustment to correct an internal pay disparity related to the job being performed; not related to performance.
- **Retention.** A salary adjustment considered when attraction and/or retention issues for a job are substantial, and any additional unfilled positions present a substantial adverse impact to critical business operations or to a major project.

Exceptions

Exceptions to this policy may be granted with the approval of the senior vice president and provost or vice president of human resources, as applicable.

Not covered by this policy

This policy does not cover all aspects of compensation administration and other types of salary adjustments. Resources regarding other aspects of compensation administration for faculty, P&S staff, contract employees and post docs, and salary adjustments for other employee groups can be found below.

Resources

Links

- [Hiring and Employment Policy](#)
- [Additional Compensation Policy](#)
- [Job Classification/Employee Reclassification](#)
- [Non-Exempt Time Reporting Policy](#)
- [Non-Employment Dates Policy – Exempt P&S](#)
- [Reemployment – Return from Disability Policy](#)
- [Jury Duty and Court Service Policy](#)
- [P&S Compensation and Salary Structure Policy](#)
- [P&S Performance Management Policy](#)
- [Faculty Annual Reviews \(Faculty Handbook 5.1.1.2\)](#)
- [Faculty Merit Increase - Faculty \(Faculty Handbook 4.1.1\)](#)
- [Faculty Incentive Salary Increase Program \(FISIP\)](#)
- [Faculty Salary Policies and Procedures \(Faculty Handbook 4.1\)](#)

- [Graduate College Handbook](#)
- [Merit System Rules, Board of Regents, State of Iowa](#)
- [Financial Planning and Budgeting, Division of Operations and Finance](#)