



# **CU Denver Pay Administration Guidelines**

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## Introduction

This document provides information and guidance for administration of salaries at CU Denver. These guidelines are to ensure consistency in how decisions about salaries are made across the university and to provide flexibility in pay adjustments based on various circumstances.

The university intends to administer salaries consistently through use of the outlined guidelines, it does reserve the ability to modify any of the guidelines provided in this document without prior notice. These guidelines do not constitute a contract or guarantee of employment.

We value the contributions of each person and respect the unique ways their identity, culture, background, experience, status, abilities, and opinion enrich the university community. We commit ourselves to the pursuit of excellence in teaching, research, outreach, and diversity as inextricably linked goals of being an equity serving institution and striving to be a best place to work.

## Compensation Philosophy

### CU System Compensation Principles (11.A)

At the University of Colorado, we believe that a strategic and comprehensive compensation philosophy is vital to our success and ability to provide a world-class education to our students. Our approach is centered around attracting top-tier talent, retaining our valued employees, and promoting transparency in career pathways.

The University of Colorado is committed to providing fair and competitive compensation that will attract, retain, and reward a diverse and high-performing workforce with the requisite experience and skills to execute the university's goals. The university provides equal pay for substantially similar work in accordance with state and federal law. The university strives to ensure fair and competitive pay with relevant external job markets while ensuring good stewardship of public funds. By ensuring consistent pay practices for similarly situated employees, there is a solid foundation for attracting and retaining a diverse and talented employee population.

### CU Denver Compensation Philosophy

The University of Colorado Denver is committed to attracting, retaining, and rewarding a highly qualified and diverse workforce in service to our students and community. We support our mission, values and goals through the development, implementation, and administration of transparent compensation programs and practices for university employees by:

- Attracting and retaining high-quality employees at all levels of the institution,
- Providing a fair, equitable, and competitive compensation by staying current with higher education market trends,
- Encouraging excellence by recognizing individual contributions that support the university's mission and goals,
- Clarifying pathways for career progression in support of employee career development and growth,
- Supporting the University's commitment to the community to serve within its fiscal means as a public institution.

At the University of Colorado Denver, our compensation philosophy is not just a framework but a commitment to the success and well-being of our employees. By valuing strategic talent recruitment, employee retention, transparent career pathways and employee engagement, we seek to build a workplace where every individual can thrive and contribute to our collective success.

## Key Terminology

Term	Definition
2LA	Second Level Approval, budget approval for position, hire, pay adjustment for non-temporary positions.
Additional Pay	Payment, which may be a one time or recurring over multiple pay periods that typically are a bonus, moving/relocation reimbursement or incentive pay to an employee's wages.
Base Pay	Fixed compensation an employee receives in exchange for services. Examples are salary, hourly rate, and piece rate.
Benchmark Job	A job whose major responsibilities and requirements are common in the market. These jobs are typically included in salary surveys and have reliable market data readily available year after year.
Career Family and sub-group	A Career Family and sub-group is an overall grouping of jobs where work performed is of similar nature.
Compa-Ratio	<p>A mathematical, comparative (“compa”) ratio that expresses how an employee’s pay rate compares to the midpoint of their range or market:</p> <p>Compa-ratio = pay rate/range midpoint. It is expressed as a percentage or decimal.</p> <p>A compa-ratio of 100% or 1.00 means an employee is paid at or 100%-matched to midpoint. Values above 100% or 1.00 mean an employee is paid above midpoint; values below 100% or 1.00 mean an employee is paid below midpoint.</p>
Compensable Factors	Factors such as skills, licenses, certifications, years of experience, educational requirements, working conditions, management responsibilities that can influence how a job is paid.
Compensation	The money received by an employee from an employer in exchange for services.
Compensation Philosophy	A statement of what the organization believes how employees should be paid. It should support the business strategy and be a good fit with the organization’s culture.
Compensation Strategy	Description of how the organization will carry out its vision, mission, and business strategy through employee compensation. Compensation strategy guides the design, implementation and administration of a compensation program which includes pay and benefits.
Compression	The state where there is little difference in salary between employees who have distinct differences in their respective knowledge, skills, experience, abilities, and/or reporting structures or organizational structure stance.
Demotion	The movement of an employee into a job that is assigned to a lower salary grade and level of responsibility than the employee’s current job.
Equity/Pay Equity	The practice of ensuring employees performing similar duties (in similar work environments) are paid fairly for similar work performed, but taking into account market and job-related factors such as performance, education, work experience, seniority, etc. Please see the <a href="#">Equal Pay Act of 1963</a> and <a href="#">Title VII of the Civil Rights Act of 1964</a> and <a href="#">Equal Work for Equal Pay Act</a> for more information.
Exempt	The term that refers to jobs that are not covered by the Fair Labor Standards Act (FLSA) (i.e., “exempted” from the law). Exempt employees are paid a set salary for defined responsibilities and are expected to fulfill the duties of their jobs regardless of hours work required. Incumbents in exempt jobs are not eligible to receive overtime compensation.

Fair Labor Standards Act (FLSA)	A federal law that sets the minimum wage as well as other work rules, and guarantees overtime pay for work beyond 40 hours a week for jobs covered by the law. The law includes specific “tests” to determine whether a job will be covered by the law (“non-exempt”) or not covered (“exempt”). These tests consider job duties, not characteristics of the incumbent (such as education, experience, skills, or performance).
Hiring Plan	A document that outlines a school/college’s plans for recruiting Faculty within the next fiscal year. Hiring plans may include other personnel actions such as promotion, compression and retention adjustments for Faculty. The hiring plan requires approval from the Dean, Provost, Associate Vice Chancellor for Faculty Affairs and the Senior Budget Director.
Hourly Rate	Compensation is determined at a fixed rate per hour worked. (An employee’s annual pay is not fixed, but dependent on the number of hours worked during the course of the year.)
In-Range	The movement of an employee into a job that is assigned to the same salary grade as the employee’s current job.
Job Architecture	An organization of jobs at CU Denver into job groups and job sub-groups.
Job Classification	The process of reviewing a job is based on an objective analysis of its duties, knowledge, skills, and industry or field then assigning it to an organization’s job framework.
Job Level (Professional Level)	Variations in the degree of jobs such as the differences between the entry, intermediate and senior level, based on differences in scope, organization impact, complexity of work, independence and supervision, and/or management responsibilities.
Job Reclassification	The assignment of a job to a different salary grade within the salary structure based on a change in market value (external) or change in job duties (internal).
Job Title	A title assigned to a job that describes the job’s roles and responsibilities at the university. Job titles should be descriptive of the work and consistent with general market practices.
Market Position	An organization’s stance on employee pay relative to market.  The university strives to set all eligible employees’ salaries to approximate a market competitive range – defined as +/- 15% of midpoint, which results in a range of 85%–115% compa-ratio or 25%–75% PIR.
Memorandum of Understanding (MOU)	A form of an additional payment for current employees who remain in the same position but accept temporary assignments at a level of higher responsibility; or who possess unique, specialized knowledge or skills, which are critically important to the mission of the University.
Merit Pay	A performance increase where an employee is rewarded for sustained work performance with a permanent salary increase as part of a formalized pay for performance program.
Midpoint	Sum of the range minimum and maximum, divided by 2.
Non-Benchmark Job	A job that is either not common in the market or that is not included in salary surveys. Jobs that have been tailored to meet specific needs of the institution or a department, or to align with the expertise of an individual are example of non-benchmark jobs.

Non-Exempt	Refers to jobs that are covered by the FLSA (i.e., “not exempted” from the law) and are subject to its provisions. Employees are required to account for time worked on an hourly and fractional hourly basis and are paid for overtime hours.
Percentile	Point on a rank-ordered scale found by arranging a group of data points in ascending order.
Position Description (Job Description)	A description of a specific job as it relates to an employee (i.e., position), which is based primarily on a standard job description. Position descriptions are used for many purposes including recruitment and performance evaluation.
Position in Range (PIR)	A mathematical calculation that expresses how an employee’s pay compares to the pay range and how far into a pay range an employee’s pay stands.  $\text{PIR} = (\text{Pay Rate} - \text{Range Minimum}) \div (\text{Range Maximum} - \text{Range Minimum})$ <p>A range penetration of 0% means an employee is paid at range minimum; a range penetration of 50% means an employee is halfway through the range—at midpoint; a range penetration of 100% means an employee is paid at range maximum.</p>
Progression	Advancement within a salary grade due to performance, changes in responsibilities without a change in title, increased knowledge, skills, abilities, years of experience, certifications/licenses/degrees, and/or other elements that add value to an employee’s ability to perform his/her job and ability to impact his/her department, unit, and/or institution.
Promotion	The movement of an employee into a job that is assigned to a higher salary grade than the employee’s current job due to the acceptance of a higher set of job responsibilities.
Salary	Fixed, regular payment, typically on a biweekly or monthly basis.
Salary Administration Guidelines	Guidelines that ensure that salaries and pay adjustments are determined by using a consistent approach across the University and are aligned with the compensation program’s design and intent.
Salary Grade	The building blocks of a salary structure. Each salary grade has a range (minimum and maximum values). Jobs in the same salary grade have similar levels of market value, organizational impact, scope, complexity, independence and supervision, management responsibilities, etc.
Salary Range	The lower and upper limits of compensation of a job, which include minimum, midpoint, and maximum values.
Salary Structure	A hierarchical grouping of jobs and salary ranges within an organization. Salary structures are often expressed as salary grades that reflect the value of a job in the external market and/or the internal value to an organization.
Standard Job Description	A general set of responsibilities, without regard to any specific employee, that describes work performed, and role and impact to the organization. Standard job descriptions are primarily used for market pricing and salary structure design and maintenance.
Title Change	The assignment of a filled position to a different Job Description and Title based upon an evolution of the duties or responsibilities of a position such that the duties performed are better described by a new title.
Total Cash Compensation	The combination of an employee’s base pay, and any variable pay they might receive including bonuses and other lump sums payments but does not include travel reimbursements, tuition reimbursements, or the quantified value of benefits.
Working Title	A title that provides more description to the Official Title by providing detail about the specifics of an individual position within the organization or the type of work performed.

## Roles and Responsibilities

Roles	Responsibilities
University Leadership <i>(Chancellor, Cabinet and Deans)</i>	<ul style="list-style-type: none"> <li>• Endorse the compensation program including the creation and updating of all program components (compensation philosophy, job framework, policies and guidelines, etc.), and model appropriate pay decision making.</li> <li>• Hold direct reports accountable for administering salaries within the compensation program design and guidelines in their areas of responsibility.</li> <li>• Promote the compensation program to employees as an important and effective aspect of a well-run institution.</li> </ul>
CU Denver Human Resources	<ul style="list-style-type: none"> <li>• Facilitate the development and maintenance of the compensation philosophy, job framework, salary structure, and administrative pay guidelines.</li> <li>• Provide information and advice on market practices, trends, and analysis to leadership, human resources personnel, and managers.</li> <li>• Collect and analyze market salary data and participate in appropriate compensation surveys.</li> <li>• Inform and educate leaders, managers, and employees about compensation principles and best practices.</li> <li>• Monitors pay practices for legal compliance.</li> </ul>
Schools/College/Unit Human Resources	<ul style="list-style-type: none"> <li>• Maintain knowledge and understanding of the compensation program, and how it impacts staff in their areas of responsibility.</li> <li>• Administer the compensation program within the school, college or unit.</li> <li>• Inform and educate leaders, managers, and employees about compensation principles, best practices, and salary grade placement administration.</li> <li>• Monitor compensation practices for legal and policy compliance.</li> <li>• Collect and analyze market salary data and participate in appropriate compensation surveys.</li> </ul>
Managers/Supervisors	<ul style="list-style-type: none"> <li>• Support the compensation program and follow its guidelines when making salary decisions.</li> <li>• Maintain current position descriptions in your area of responsibility.</li> <li>• Consult with human resources (HR) to ensure alignment of salary with program guidelines.</li> <li>• Communicate positively with staff to inform them on the compensation program and how it affects them.</li> </ul>
Budget Office	<ul style="list-style-type: none"> <li>• Provides confirmation and approval of requests to ensure funding is available.</li> <li>• Consults with S/C/U around funding for positions and compensation requests.</li> </ul>



### Managing Salaries within the Grade

Salary grades reflect both internal and external considerations. The job framework organizes jobs into groups/sub-groups and levels based on responsibilities within the university. The salary structure provides alignment to the market.

Salary grades are wide enough to accommodate a variety of experience and performance levels, from novice to expert, while maintaining market-relevance. Employees can expect to be paid within their salary grade. No one should be paid below the minimum or above the maximum of their salary grade.

An important principle is the appropriate placement of salaries in the salary grades and managing salaries where several factors may be considered, including employee knowledge, skills, performance, experience, and education/certification/licenses. Managing salaries within the salary grade also includes monitoring and auditing salary adjustments, annual reports, and pay adjustment processing. Consistently following this principle helps ensure that salaries are competitive and equitable.

## Equal Pay for Equal Work

[Equal Pay for Equal Work Act](#) protects employees against pay discrimination based on sex (including gender identity) — alone or in combination with other protected statuses — for substantially similar work in terms of skill, effort and responsibility, regardless of job title.

The law does allow for pay differences accounting for:

- Seniority
- Merit
- Education, training and experience
- Geographic location
- Travel
- Quantity/quality of production

The law prohibits:

- Seeking or using wage rate history to determine an employee's wage rate
- Discrimination and retaliation
- Against prospective employees for failing to display their current pay rate
- Against current employees because they inquired about, disclosed or discussed their wage rate

For more information about requirements visit: <https://www.ucdenver.edu/offices/human-resources/equal-pay-for-equal-work-act>

## Salary Grade Quartiles

	Entry Level		Seasoned Professional/Mid-Career	
	Minimum of Range	Mid-Point of Range	Maximum of Range	
	First Quartile	Second Quartile	Third Quartile	Fourth Quartile
	General Employee Characteristics	<ul style="list-style-type: none"> <li>• Building both job knowledge and skills as well as the ability to handle the full breadth of job duties and responsibilities</li> <li>• Employee is working towards proficiency in the job</li> </ul>	<ul style="list-style-type: none"> <li>• Possesses all/most of the knowledge and skill requirements, but may need to build upon them through experience</li> <li>• Performs job responsibilities with increasing effectiveness</li> <li>• May still be learning some aspects of the job or developing expertise to handle the job more independently and effectively</li> </ul>	<ul style="list-style-type: none"> <li>• Has significant relevant experience and possesses all required knowledge and skills</li> <li>• Seasoned and proficient; consistently exhibits sustained high-level of proficiency in all aspects of job over an extended period of time</li> <li>• Has broad and deep knowledge of own area as well as related areas</li> </ul>
Hiring Guidelines	<ul style="list-style-type: none"> <li>• Typical zone for starting salary for an individual with little/or no experience in the job and who is on a steep learning curve</li> <li>• Meets minimum qualifications</li> <li>• Requires additional training to build knowledge and skills</li> </ul>	<ul style="list-style-type: none"> <li>• Typical zone for starting salary for an individual experienced in most job responsibilities</li> <li>• Previous related experience</li> <li>• Demonstrated ability to perform duties</li> <li>• May need additional training to perform duties independently</li> </ul>	<ul style="list-style-type: none"> <li>• Unlikely to be a typical zone for starting salary except for individuals with extensive direct job experience</li> <li>• Meets preferred qualifications</li> <li>• Demonstrated ability to perform duties independently</li> <li>• Consistently exhibits core competencies</li> </ul>	<ul style="list-style-type: none"> <li>• Rarely appropriate as a zone for a starting salary</li> <li>• Subject Matter Expert</li> <li>• Exhibits broad and deep knowledge of job and related areas</li> <li>• Senior-level job expertise</li> </ul>

Compa-ratio and position in range (PIR) can be additional tools to manage salaries within the salary grades. When analyzing compa-ratio and PIR, the table below defines the three salary grad position references made throughout the guidelines:

	Emerging in Grade	Established in Grade	Advanced in Grade
Salary Grade Position References	Compa-Ratio Less than 85% or PIR Less than 25%	Compa-Ratio Between 85%-115% or PIR Between 25% and 75%	Compa-Ratio Greater than 115% or PIR Greater than 75%

## Salary Quartiles

### *First Quartile*

The first quartile of the range is usually intended for employees who are new to the grade, are in a learning situation, and/or do not have substantial experience in the new position.

### *Second Quartile*

The second quartile of the range is intended for employees who have gained experience and skill and who are becoming more proficient in the position for which they were hired.

### *Midpoint*

The midpoint represents the market rate for this position and represents a fully experienced employee at that level.

### *Third Quartile*

The third quartile is typically reserved for experienced employees who perform all tasks independently and consistently exceeds expectations in exhibiting the core competencies of the position.

### *Fourth Quartile*

The fourth quartile of the range is normally reserved for individuals who are considered the subject matter expert in their position with a depth of knowledge that extends beyond their primary responsibilities.

### Salary Grade\*

	First Quartile	Second Quartile	Third Quartile	Fourth Quartile
Annual	\$38,043 - \$39,582	\$39,603 - \$43,222	\$43,243 - \$45,822	\$45,843 - \$48,443
Monthly	\$3,170 - \$3,299	\$3,300 - \$3,602	\$3,604 - \$3,819	\$3,820 - \$4,037
Hourly	\$18.29 - \$19.03	\$19.04 - \$20.78	\$20.79 - \$22.03	\$22.04 - 23.29

\* This example represents guidelines for salary range placement. Other factors may be considered if necessary.

### How to use the salary quartiles:

- When determining pay, the employee's knowledge and skills should be considered as they relate to the new job/duties/responsibilities, not their current position.
- The minimum of the salary range equates to the minimum qualifications required for the new job. If an employee meets only the minimum qualifications of the position, they likely should be compensated in the first quartile.
- The midpoint of the salary range is considered the market value of the position, and it is expected that the employee at this salary or above is fully productive in the position and has considerable experience in the job. Only substantial and relevant years of experience in a previous position that is directly related to the position at CU Denver will be considered.
- Years of experience not related to the position are not considered.

## Administrative Guidelines

The following guidelines are to help ensure competitive and balanced salaries across the university. This will also provide consistency within our processes and implementation of salary and pay adjustments.

*Note: CU Denver HR will conduct a compensation review for positions posted (posted hiring range), for hiring salary range to make an offer, and to provide updated information to supervisors and managers for additional actions for promotions, progression, and other compensation actions. Please reach out to CU Denver HR to begin compensation consultation.*

### **Salary upon hire/placement**

- Starting Salaries – New Hires
- Promotions
- Demotions
- Lateral Movements
- Interim Appointments

### **Salary as a result of job changes**

- Permanent Changes to a Job
- Temporary Changes to Job Duties

### **Salary Adjustments**

- Compression Adjustments
- Market Adjustments
- Equity Adjustments
- Pay Plan/Merit Adjustments
- Retention Adjustments/Counter Offer
- Memorandum of Understanding (MOU)

### **Bonus/One-time Payments**

- Retention Bonus
- Hiring Bonus
- Memorandum of Understanding (MOU)

### **Budget Approval**

- Second Level Approval (2LA)
- Hiring Plan

### Starting Salaries – New Hires

An employee that is new to the university should have a starting salary positioned appropriately within the salary grade to ensure market competitiveness and parity. Multiple factors should be considered when determining a starting salary such as the candidate's knowledge, skills, experience, and education/certification/licenses. This information should be compared to current incumbents in the same job title (or who perform comparable job duties) within the immediate work area and department (i.e., consider the salaries, performance, knowledge, skills, experience, and education/certification/licenses of those incumbents).

The salary range associated with the position's job grade is identified for starting salaries; all new starting salaries will be evaluated based on their relevant knowledge, skills and experience as it relates to the minimally required knowledge, skills and experience of the position to which they are applying and in accordance with Equal Pay for Equal Work Law. In general, the starting salaries for a new hire should not exceed the midpoint of their salary range. This allows the new employee an opportunity for future growth within the salary range. Other things to consider:

**Job valuation:** Each job is assigned a pay grade, based on the job description and the analysis of industry pay rates for similar jobs. Additional consideration may be given for jobs with hard-to-find skills and/or the job's overall contribution to achieving the goals of the department.

**Individual factor:** The factor that the individual applicant brings to the job based on their relevant skills and experience. Less skilled and experienced applicants may likely be paid lower in the range, while more skilled and experienced applicants would likely be paid higher in the range, though not always above the mid-point or at the max.

**Internal equity:** A review of salaries of current employees in similar positions will be completed to ensure internal equity and meet the requirements of the Equal Pay for Equal Work Act.

### Promotions

A *promotion* is the movement of an existing employee into a job that is assigned to a higher salary grade than the employee's current job. Such a move generally warrants an increase in salary to recognize the higher-level responsibilities and to ensure that the salary of the new job is consistent with the market and internal parity. An exception may occur if the employee's current salary is very high in the new job's grade.

School, college, or unit HR liaisons will work with CU Denver and managers to determine an appropriate salary upon promotion. Circumstances may vary as each employee has a different salary history. It is important to consider multiple factors along with the incumbent's current salary in the new salary grade (when applicable):

- Degree of increase in responsibilities
- Demonstrated, sustained performance, knowledge, skills, and experience
- Current salary in relation to the new salary grade
- Salaries of other similarly situated employees

The goal is to start the employee at the most appropriate point in the salary grade for the new job rather than apply a uniform promotional increase in all circumstances.

*If there are more than 50% change of duties, or the promotion will result in a vacancy to fill, a recruitment will need to be conducted, the recruitment may be internal.*

### Voluntary Demotions

A voluntary demotion occurs when an employee moves into a job in a lower salary grade. This move can be voluntary or involuntary. Typically, this would also result in a decrease in salary. The new salary must be within the new salary grade's range. When determining the new salary consider the employee's knowledge, skills, and experience and how they compare to that of other employees in similar jobs and their salaries.

### Lateral Movement

A lateral movement occurs when a current employee moves into a job that is assigned to the same salary grade as their previous position. This new job may be in the same job family/professional level or a different same job family/professional level within the same salary grade.

The Equal Pay for Equal Work Act indicates it is illegal to ask a candidate their current rate of pay, therefore this information will not be available. Not knowing the candidate's salary history removes the potential for employers to use their power differential in the salary negotiation process, mitigating the candidate's prior potential pay inequity and returning the emphasis to the responsibilities the candidate will fulfill as the basis for determining pay.

We recommend referring to Managing Salaries within the grade section and the outlining Salary Upon Hire. If a salary adjustment is recommended, it must be reviewed by the school, college, or unit HR unit and take into consideration, prior to submitting a request to CU Denver HR:

- Degree of change in responsibilities
- Demonstrated, sustained performance, knowledge, skills, and experience
- Salaries of other similarly situated employees
- Market conditions in relationship to the new role

### Interim Appointments

It may be necessary for employees to assume a different role for a temporary period of time (e.g. filling in for a vacant position). Managers/supervisors should consult with school, college, or unit HR representatives when there is a need to fill a position on an interim basis. All interim appointments must have an end date which may be considered for an extension. Typically, interim appointments are for no more than 6 months, if longer than 6 months approval may be needed.

The compensation for the interim appointment should be determined using multiple factors such as the candidate's knowledge, skills, experience, and education/certification/licenses along with the salaries of current incumbents in similar jobs within the immediate work area and department. During this period, the individual may be eligible to receive pay adjustments or lump sum payments.

## **Salary Changes due to Job Changes**

### Permanent Changes to a Job

Job responsibilities and requirements may evolve over time to meet the university's changing needs. However, there may be times when there are significant, permanent changes to the responsibilities of a job due to reorganization, new initiatives, etc. In some cases, a title change (promotion) to a different job title may be appropriate; in other cases, an increase to the employee's salary without a title change may be appropriate (i.e., a change in duties pay adjustment).

Examples of significant job changes that warrant a review of the title and/or salary include:

- Additional responsibilities are different from the existing responsibilities and require considerable training/study to learn.

- The level of accountability has changed significantly such as significant changes to budget responsibility, additional people management responsibilities, etc.

Examples of changes that do not warrant a change in title or salary include:

- Use of different tools to handle the same responsibilities—most common would be the introduction of technology to handle current manual processes or updates to existing technology.
- Similar responsibilities being added or exchanged for existing responsibilities.
- Increasing or decreasing volume of work but the complexity, scope, and/or impact of the work does not change.
- Attainment of a degree or other educational milestone, unless this results in changes to the job, level of authority, scope of responsibility, etc.

Managers should consult with school, college, or unit HR units if they believe there is a significant change to a job's responsibilities that may warrant a review. This should be done prior to any conversations with the employee. The manager's request should include a revised position description which highlights the key changes to the existing job. The school, college, or unit HR unit will review the changes and provide guidance on the appropriate course of action, and in consultation with CU Denver HR.

#### Temporary Changes to Job Duties

It may be necessary for employees to assume additional and/or different responsibilities for a temporary period, typically no less than 90 and no more than 6 months. Managers/supervisors should consult with their school, college, or unit HR when there is a temporary change that requires consideration of compensation. In some circumstances, a temporary change in salary may be warranted depending upon the magnitude of the change.

Temporary responsibilities must be significant, clearly defined additions of responsibilities compared to the employee's normal job responsibilities. During this period, the individual may be eligible to receive additional compensation. The amount of additional compensation will depend upon the degree of complexity and/or market value of the additional duties. Changes in the volume of work within an employee's job do not warrant a pay adjustment.

### **Pay Adjustments**

#### Compression Adjustments

Compression exists when there is little difference in salary between employees who have distinct differences in their respective knowledge, skills, experience, abilities, and/or reporting structures or organizational structure stance.

#### Market Adjustments

The salary structure will be maintained to reflect the overall market movement; but occasionally, unusual market circumstances may warrant targeted adjustments within the salary structure. At times, it may be necessary to adjust salaries, or even reclassify a job, to recognize significant market changes in a job-specific industry. In addition, with market changes and external recruitment considerations, a market-retention adjustment may be necessary to retain high-performing employees.

Market increases must be justified through an appropriate market analysis, periodically or annually, and properly documented. In providing market increases, particular attention should be given to evidence regarding problems of recruitment and retention, including compression.



### Equity Adjustments

Equity increases are based on internal comparisons. Appropriate reasons for equity increases include, but are not limited to, gradual increase in position responsibilities leading to higher level position comparisons, and gender/race inequities for substantially similar positions. Equity increases must be appropriately reviewed, approved, and documented through established campus processes.

Each school, college, and unit HR have a responsibility to assure that equitable salary relationships are created and sustained. They also have a responsibility to ensure that appropriate documentation for salary inquiries and movements are maintained within their area. Vigilance should be exercised to ensure that salary differences and pay decisions are neutral regarding race, color, sex, national origin, age, disability, and/or veteran status which are protected by state and federal law. In those instances where inequities may exist in these protected categories, an equity adjustment may be provided to rectify the situation. School, college, and unit HR should forward requests and work with Denver HR to conduct an equity assessment and develop strategies to determine how to address any areas that may need to be addressed as a result of the equity review/assessment.

### Retention Adjustment

The retention adjustment is used for purposes, when necessary, to retain a valuable employee (i.e., specialized skill set, consistently outstanding performer, etc.), in the event they may have offers from outside CU Denver. Evidence of retention risk must be properly documented for retention increases. The size and the arrangement of the retention offer should be evaluated independently between the school, college, or unit HR unit and the department and/or school/college/unit leader based upon business needs and resources of the department or unit and to align with salary equity.

### Memorandum of Understanding (MOU)

Memorandum of Understanding (MOU) is a formal agreement between a school/college/unit and an employee that outlines additional terms and conditions of an arrangement related to acting in an additional capacity, special projects, or utilizing specialized skills and the duration of the temporary assignment. The MOU details the amount of differential pay that will be provided to the employee during this period in recognition of the additional responsibilities being performed. Typically, the temporary pay differential does not exceed 10% of the employee's base salary and would last longer than 30 days but does not more than six months. Exceptions may be granted with additional information and CU Denver HR approval. A template MOU can be found on the Denver HR website under [HR Business Partners](#) section or [here](#). The MOU must include duties and responsibilities the employee is taking on outside of their current job description. Additional scope may be added as it is additional responsibility.

### **Bonus/One-time Payments**

Bonuses and lump sum payments are types of variable pay that are traditionally one-time monetary payments that an employee receives which raise an employee's total cash compensation (but not salary or base pay). Typical reasons for these payments are performance, retention, and hiring bonus.

### Retention Bonus

This bonus can be awarded, when necessary, to retain a valuable employee (i.e., specialized skill set, consistently outstanding performer, etc.) when increasing the employee's salary is not advised due to parity, range consideration, etc. The size and the arrangement of the bonus should be evaluated independently between the school, college, or unit HR unit and the department and/or school/college/unit leader based upon business needs and resources of the department.

### Hiring (Recruitment) Bonus

This bonus can be awarded when certain positions qualify for a hiring bonus payment upon hire. School, college, or unit HR are to determine how critical it is to secure the finalist, or how difficult it will be to recruit another qualified candidate. They then determine if an initial expense lump sum payment is a viable option to utilize. The hiring bonus amount can be up to 10% of the proposed starting salary.

### Honorarium

Honoraria are token payments or rewards made to an individual for a one-time service (ex. Guest lecturer) for which custom forbids a price to be set.

- CU employee honoraria are processed through HCM
- Honoraria for individuals not employed by CU are processed through PSC

### **Additional Pay/One Time Payment**

#### Additional Pay Form

An additional pay form is required for any one-time payments with the corresponding earnings code and details of the additional pay. Additional documentation may be requested for requests. The additional pay form is accepted at other campuses across the system but may require additional documentation.

### **Budget Approval**

#### Second Level Approval

The second level approval, or 2LA, is the budget approval process required for all transactions related to compensation.

- For posting positions, this process is completed prior to a position being posted to ensure there is funding available for the position and aligned with the compensation review. A 2LA will also be submitted at the time of offer, to verify with the specific compensation request aligned to the finalist identified through the search process. 2LA are good for six months, an additional 2LA will not be needed unless the final salary will exceed the original 2LA.
- For all other compensation requests, the 2LA process is submitted at the time of request and review of compensation to ensure that funding is available. An approved 2LA is required in order to process any compensation request.

#### Hiring Plan

A hiring plan is required to be submitted through the Provost's office, for any faculty hiring. Please refer to the hiring plan form and ensure all fields are completed prior to submitting. This will allow for planning, intentionality around hiring faculty (tenure/tenure track and IRC), along with budget approval is being completed.