

VANDERBILT UNIVERSITY AND MEDICAL CENTER

HUMAN RESOURCES POLICIES AND PROCEDURES

SUBJECT: COMPENSATION POLICY

Policy # HR-028

EFFECTIVE DATE: January 1, 2001

POLICY

Vanderbilt is committed to maintaining salary levels that are in compliance with all applicable laws and regulations and internally equitable. All staff will be compensated fairly regardless of race, color, religion, sex, sexual orientation, national origin, age, disability, veteran status or marital status.

Human Resource Services is responsible for policy guidance and administration of a uniform compensation program by providing counsel to departments. Achieving the goals of equitable, fair and market competitive compensation is a responsibility shared by Vanderbilt leadership and Human Resource Services.

PROCEDURE

The Office of Compensation, Human Resource Services administers the classification and pay system. Each staff member is placed in the job classification that accurately reflects his/her responsibilities and is paid within the established pay range for his/her job. Pay rate is initially determined by factors such as required education and experience relative to the job's minimum qualifications and rates paid to other job incumbents. Managers/supervisors may also consider an individual's skills and job performance in determining pay.

I. LEGAL REQUIREMENTS

There are federal and state laws that regulate wage and hour issues including child labor, minimum wage, overtime pay and record-keeping. The Office of Compensation, Human Resource Services is responsible for determining which job classifications are exempt and non-exempt.

- A. Exempt status is based on the duties and responsibilities of an individual position, the required educational level and the salary

received. Exempt staff are not entitled to overtime pay or compensatory time.

- B. Nonexempt staff are paid on an hourly basis and are entitled to overtime pay at one and one-half times their "regular hourly rate" for any hours they work in excess of 40 during the workweek. Regular hourly rate is defined as the calculated average hourly rate for that pay period. For example, the regular hourly rate must include shift differentials, "on call" pay and multiple rates of pay, if applicable. The Office of Compensation, Human Resource Services must be consulted for all overtime calculation needs that require manual calculation outside the payroll system.

II. **WORKING SIMULTANEOUSLY IN MULTIPLE JOBS/POSITIONS**

Requests for a staff member to work simultaneously in two jobs or positions must be submitted in writing to the Office of Compensation, Human Resource Services for review, and will be evaluated on a case-by-case basis. This must occur in advance to work being performed in the second department. Approval of both department heads must also be obtained.

III. **JOB CLASSIFICATION**

The process of classifying jobs involves several considerations including job information, job evaluation and market data.

- A. Job Information - Classification descriptions on file with Human Resources Services, along with job information collected from area supervisors provide the basic information on each job, including job duties, scope of responsibility, knowledge and skills.
- B. To maintain accurate classification descriptions, it is important for supervisors and department heads to review descriptions at least annually and notify the Office of Compensation, Human Resource Services if the content of a position changes significantly. Such changes could consist of added responsibilities, significant changes in the frequency of some tasks, or combining different duties into one particular work assignment.
- C. Internal Job Comparisons - Vanderbilt uses a process to internally compare and analyze jobs, one to another, to determine relative value. This process involves an assessment of various job content factors to determine pay levels of jobs within Vanderbilt.
- D. Market Considerations - The market analysis process includes data collection, comparison and analysis of current prevailing salaries of

the market for positions recruited, supply of applicants with specialized or unique skills, and Vanderbilt University and Medical Center staffing needs. Normally, the pay grade assignment for a job is determined through the job evaluation process. However, in order to attract and retain qualified individuals, adjustments to the pay grade assignment may be made by the Office of Compensation, Human Resource Services in consultation with the appropriate budgetary official(s), if market analysis indicates the need for changes.

IV. **PAY SYSTEM**

The pay system includes a Salary Structure, Salary Range Adjustment, and Individual Pay Determination policies.

- A. The Salary Structure helps assure equitable pay levels among all classified job titles. Each pay grade in the structure has a pay range that specifies the minimum, midpoint, and maximum of the range allowable for all positions assigned to that grade.
- B. Salary Grade/Range Adjustments - As relevant labor market rates fluctuate in response to supply and demand of labor and other economic factors, pay ranges may be adjusted with the appropriate budgetary approval(s). Vanderbilt generally reviews its pay ranges annually and makes necessary market adjustments. More frequent adjustments may be made in response to a volatile market or specific organizational needs. Staff may receive corresponding salary increases, based upon satisfactory job performance and current placement within the pay range.
- C. Individual Pay - The relative pay of staff within a pay grade/range should reflect a general equity based on the staff member's work experience and education (reflecting the skills that the individual brings to the job) and job performance as appropriate. Labor market conditions, as well as internal equity for a given job, may influence a specific starting rate.

V. **JOB CHANGES BY STAFF [1]**

Transfer - Transfers occur when an individual moves from one position to another within or between departments. Transfers may occur only following a competitive recruitment effort. See [Recruiting and Hiring \(HR Policy #17\)](#). The following pay guidelines apply given the type of transfer.

- A. Promotions - A promotion occurs when a staff member moves from a position in one job classification to an existing position which is classified in a higher pay grade/range; the original position is left vacant, to be filled or eliminated. It is the intent of Vanderbilt to raise a staff member's salary to the appropriate rate identified in the new pay grade/range. Staff receiving promotions will be brought to the pay range minimum plus whatever percentage is appropriate for previous relevant experience to the new job as defined by the annual Pay Guidelines.
- B. Laterals - A lateral transfer occurs when a staff member moves to a different position or job classification assigned to the same pay grade/range. A lateral transfer does not include a salary change. Upon completion of the orientation period for the new job, their salary may be adjusted going forward.
- C. Downgrades - A downgrade occurs when a staff member moves from a position in one job classification to another position which is classified in a lower pay grade/range; the original position is left vacant, to be filled or eliminated. A downgrade may be staff or employer initiated. The following guidelines apply in determining the effect of the downgrade on an individual's salary rate. When a downgrade results from a staff member request, work performance or ability issues, the staff member's salary will be adjusted to the minimum rate of the new pay range plus the percentage increase for previous relevant experience. When the downgrade results from a reduction in workforce, reassignment of the existing workforce, or new requirements for the position, the staff member's salary will be maintained at his/her present rate except that it may not be lower than the minimum or higher than the maximum rate of the new pay range.

VI. RECLASSIFICATION OF POSITIONS

A reclassification involves changing the classification of an existing position. This change must be based on a significant change in job content, not an increase/decrease in work volume and pace or the addition/deletion of minor duties. A reclassification may result in the placement of a position in a higher, lower or the same pay grade and/or a change in job title. The effective date should generally

follow the date of recommendation by the Office of Compensation, Human Resource Services.

VII. EFFECTIVE DATES

Any pay rate adjustments due to job changes and market adjustments are effective on the first day of the payroll period coincident with or immediately following the implementation date of the change. Retroactive salary adjustments require senior administrator approval.

[1] Changes to or from non-classified (exempt negotiable) jobs that do not have a pay grade/range will be defined as a promotion, lateral, or downgrade based on the relative level of responsibility and complexity. Pay will be determined based on equity and job performance as appropriate.

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