



Tuesday, July 2, 2002

Compensation next step in process

The next step in Oakland's performance development process is determining compensation increases based on market adjustment and performance appraisals. Salary increases are due to take effect in checks received July 31, for work performed in July.

This year's total pool amount available is 4 percent of salaries, based on approval of the Board of Trustees in early June.

Employees compensated through the AP/IC structure will have their compensation increase calculated in two separate components:

- market adjustment, paid as a percent of band midpoint
- merit, based on the employee's performance appraisal and calculated on each employee's individual annual salary

This year, the market adjustment will be 2 percent of band midpoint for all AP and IC employees who fall under the AP/IC compensation structure, unless performance does not warrant an increase. In most cases, employees can estimate their market adjustment increase by reviewing the **salary bands** posted on the **University Human Resources** Web site and multiplying the midpoint of their individual band by 2 percent.

"Oakland has chosen to take a two-pronged approach to compensation increases," said Ron Watson, assistant vice president, human resources. "The market adjustment component facilitates OU employee salary progression toward the midpoint.

"Additionally, OU plans to re-evaluate one-third of AP/IC positions each year over the next three years to keep salary bands in line with marketplace salaries."

Merit increases, from the pool allocated by the Board of Trustees, will reward those employees whose performance deserves recognition with additional compensation. The merit component will be calculated based on each employee's current annual salary.

"The merit portion means those employees whose performance deserves added recognition will receive it in the form of an additional salary increase," Watson said. "Our two-pronged approach recognizes changes in the marketplace while reinforcing employee contributions as highlighted during the performance appraisal process."

Division vice presidents are working on compensation for their groups. These decisions must be finalized and communicated to UHR by Wednesday, July 10, so payroll checks received July 31 will reflect the increases.

In addition, based on market surveys provided by Mercer, Oakland University will be increasing the salary structure bands by 3 percent, which means all minimum, midpoint and maximum salary figures are increased by 3 percent, effective July 1, 2002. This will allow the university to maintain its target of band midpoints at the 50th percentile of market. Mercer reports that other organizations are making salary structure adjustments in this range as well. The 2 percent market adjustment component for 2002-03 will be based on the new midpoints.

For those non-represented employees not compensated through the AP/IC structure, increases will be based on merit and determined within each division.

SUMMARY

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