



SOUTH DAKOTA
BOARD of
REGENTS

South Dakota Board of Regents
Non-Faculty Exempt Staff Pay Administration Guideline

Introduction

The following pay administration guidelines will serve as a resource for helping to manage the various pay components under South Dakota Board of Regents' (SDBOR) Non-Faculty Exempt Compensation Program.

This document outlines a set of pay guidelines for managing compensation across the various institutions belonging to SDBOR, addressing common employment scenarios. These pay guidelines provide a general framework for the following objectives:

- Paying employees fairly, competitively, and in an equitable manner
- Increasing the transparency and understanding of how pay is administered across SDBOR
- Promoting consistency in pay practices
- Aligning the total rewards philosophy with the Mission Statement of the Board of Regents' 2022–2027 Strategic Plan, which states “The Board of Regents’ mission is to provide an excellent, efficient, accessible, equitable and affordable public university and special schools system that improves South Dakota’s overall educational attainment and research productivity, while enriching the intellectual, economic, civic, social, and cultural life of the state, its residents, and its communities.
- Providing trust and confidence in our compensation process and decisions

Compensation Philosophy

The Total Rewards Philosophy, driven by our mission and Strategic Plan, aims to ensure that SDBOR and its affiliated institutions are desirable places to work, learn, and grow both professionally and personally for our employees. At heart, we are a community dedicated to the enrichment and advancement of educational opportunities within the State of South Dakota and beyond. Our culture is one that values collaboration, community, and openness with a focus on providing our employees with a competitive and balanced Total Rewards package. We strive to have a clear, transparent, understandable program that aligns with our values and principles, and adheres to the System's resources as well as federal, state, and local regulations.

Organizational alignment

- Our Total Rewards Philosophy is driven by our mission, values, the 2022–2027 Strategic Plan, and our commitment to our employees. As a higher education system with six universities and two special-focus schools, it is critical that our compensation and benefit programs consider the various differences in each of our institutions, but also allow for a desired level of consistency in key guiding principles around how we reward employees.
 - We strive to have our compensation and benefit programs be:
 - Market competitive and internally equitable
 - Fiscally responsible
 - Sustainable
 - Accessible, easily understood, and clear
- The pay program aligns with defined frameworks around job levels and a holistic system-wide pay structure that contains pay ranges that reflect the external market.

Total compensation components and prominence

- Base pay and benefits are the cornerstone of our compensation. Our varied benefit offerings include health, retirement, wellness, holidays, vacation, sick leave, and paid family leave, short- and long-term disability, educational benefits, and a variety of campus specific perks.
- Our competitive and diverse offerings help to support the attraction, retention, and ongoing engagement of our employees.

Comparison markets

- Our labor markets for talent include both academic and non-academic employers, that reflect the appropriate industry, geography/location, academic programs, and organization size for the different roles and job levels at SDBOR.
- The defined markets are used for external market comparisons for our pay programs to determine their degree of competitiveness.

- SDBOR HR and Campus HR stakeholders will work with Senior Leaders to periodically review and refine these comparison markets to ensure continued appropriateness and relevance.

Pay and benefits positioning

- Our pay structures and ranges take into consideration external competitiveness, market shifts, and internal factors. We assign jobs to the structure based on the job's market rate with consideration for internal equity, the organizational structure, and reporting relationships.
- SDBOR targets pay and benefits to be at competitive market levels as a system but positioning against the market may vary based on role or employee due to an individual's skills, qualifications, experience, performance or how the role fits into the overall strategy and needs of the institutions. There may be specific unique positions that have a targeted pay position due to the nature of the role.

Beyond market factors

- SDBOR strives to provide its employees with professional development and career opportunities to promote continued growth in employee skills, knowledge, and expertise.
- Differences in pay may be due to both external market information as well as individual specific factors. This includes how employees perform against role expectations and the key attributes that they bring to the role, such as their specific skills, knowledge, experience, and willingness to collaborate and work with others, while maintaining professionalism and integrity.
- There may be specific, unique positions that may be paid above market levels due to their criticality and alignment to the mission, values, and strategic objectives of the institution.

Program communication

- SDBOR is committed to being transparent around its compensation and benefits philosophy, the guiding principles, and policies. We offer resources, tools, and training to promote greater understanding and execution of our programs.
- We encourage employees and supervisors to have ongoing, regular conversations to ensure a shared, mutual understanding of the role expectations and performance objectives.

Pay governance and administration

- The Board of Regents, Council of Presidents & Superintendents, and Human Resources are responsible for developing, approving, and endorsing the Total Rewards Philosophy and Strategy.
- Human Resources administers and maintains the total rewards programs, which includes ongoing review, maintenance, and updates to policies, processes, tools, resources, and forms.

Roles and Responsibilities

To ensure that the program is administered in a fair and consistent manner, the roles and responsibilities for key stakeholders involved in the compensation program are defined below:

Role	Responsibilities
Senior Leaders/ Administrators	<ul style="list-style-type: none"> • Communicate openly and clearly with Board of Regents community on compensation-related matters • Champion program design and implementation processes • Establish and communicate strategic and operational goals to the community • Set standard for performance planning, coaching and feedback; hold direct/indirect reports accountable for the same • Review and endorse salary structure updates and individual pay decisions, as appropriate • Provide resources required to maintain the program
Managers/ Supervisors	<ul style="list-style-type: none"> • Collaborate with SDBOR Human Resources to establish and maintain appropriate salaries; make recommendations for salary adjustments • Understand and maintain documentation of accurate job responsibilities and requirements of jobs in area of responsibility • Understand skills, knowledge, experience, and performance levels of staff in area of responsibility • Set performance expectations, provide clear and helpful feedback, and evaluate performance • Communicate openly with staff about compensation topics
Classification and Compensation Center	<ul style="list-style-type: none"> • Serve as a strategic partner with human resource departments and senior leaders to provide subject matter expertise in the area of compensation and classification. • Serve as a subject matter expert that establishes policy and parameters around compensation guidelines • Design, develop, and maintain compensation program, including salary guidelines; ensure fairness in and consistency of application • Regularly collect market data from appropriate sources, assess pay competitiveness, and recommend adjustments to the salary structure as well as individual salaries
Human Resources	<ul style="list-style-type: none"> • Provide strategic and operational advice to leadership on salary issues and market trends • Provide administrators and managers/supervisors tools and resources needed to make compensation decisions for their staff (market data, hiring ranges, federal/state policies, etc.) • Regularly monitor effectiveness of the compensation program and practices, its continued competitiveness, and ongoing equity • Communicate salary program and ensure understanding within the University
Employees	<ul style="list-style-type: none"> • Understand and fulfill job's essential functions, as defined by the job description • Respond to feedback provided by manager or supervisor as related to job responsibilities and performance • Provide accurate records of hours worked, as needed • Raise issues or concerns about job responsibilities and/or compensation with his or her manager/supervisor

Salary Program and Guidelines

The salary program designed and developed for SDBOR ensures the competitive valuation of jobs in the marketplaces where the Board of Regents competes for talent. The determination of those marketplaces, and the external and internal market factors impacting those jobs has led to the development of the following four structures (current structures are included in the Appendix):

- NFE Structure
- Research Structure
- Medical Structure
- Athletic Structure

The salary structures that have been developed, group jobs of similar value into same/similar grades, based on a competitive market assessment. These structures, having been developed by utilizing external market data benchmarks, group jobs of similar value together. Salary grades are the hierarchical ranking of salary ranges, and provide guidelines for consistent decisions about salary. Multiple jobs are associated with each salary grade. Each grade consists of:

- A **minimum**, the lowest salary for jobs in the grade. Generally¹, an employee will not be paid below the minimum of the salary range associated with that employee's job.
- The **midpoint**, the "middle" of the grade. The midpoint is the salary which is considered to be a fair and equitable rate of compensation for an employee who is fully qualified for the job from the standpoint of training and experience, and whose demonstrated performance on the job over a period of time is satisfactory in all respects. This is also referred to as "market".
- A **maximum**, the highest salary for jobs in the grade. Generally², an employee will not be paid above the maximum of the salary range associated with that employee's job.

Typically, SDBOR will conduct a comprehensive market assessment every 3–5 years to evaluate each structure's competitiveness and alignment with SDBOR's compensation philosophy. Any revisions will be established and implemented as approved by senior leadership, given the financial resources of the institution.

¹ & ² When implementing new and/or updating a compensation program, compensation strategy and philosophy, and salary structure(s), under minimum and over maximum situations may occur.

Compensation Decisions and Salary Adjustments

Pay delivery vehicles

Base salary will be the primary method of rewarding individuals for their performance and sustained contributions to their institution.

- Base salary will reflect the value of the job in the market, the role in the institution, and the capabilities and contributions of the individual
- Adjustments to base salary may be influenced by substantial changes in role and responsibilities of the job, the institution's financial position, cost of living adjustments, length of service, and/or incumbent's overall performance
- In addition to pay, other rewards such as health and retirement benefits, wellness programs, and career opportunities, are critical components of the total compensation program across the Board of Regents

Criteria for assigning jobs to the salary structure

Job valuation is a systematic way of establishing the relative rank of jobs by considering dimensions of work common to all jobs, such as duties, responsibilities, and work qualifications. To ensure an accurate and consistent valuation process, the program will maintain:

- Consistent titling practices
- Accurate reflection of actual job duties performed through job descriptions
- Regular updating of job descriptions
- Periodic review of job structure, families, and levels
- The identification of key benchmark jobs that will be used to monitor the market
- Monitoring of market pay practices
- Periodic review of the salary structure with adjustments made as necessary and as financially feasible to maintain market competitiveness
- Periodic reviews of incumbent salaries relative to one another which may take into account skills, job knowledge, experience, professional development and performance

Benchmarking to the defined comparison markets informs the external valuation of jobs. The data resulting from benchmarking creates a reference point to inform appropriate and competitive salary ranges for a given job. Data comes from the scope cuts in published surveys that most closely approximates the comparison market. Board of Regents' comparison markets will generally consist of data from the Higher Education industry coupled with general industry data depending on the nature of the role.

Jobs are assigned salary grades primarily based on their market value. The majority of jobs at across the institutions are "benchmark" jobs. This means that jobs with similar responsibilities and skill requirements are typical in the market and reliable pay data is available in published surveys. Generally,

benchmark jobs are given the grade with the closest grade midpoint to the market median for the job. Before finalizing grade assignments, there is a review of internal equity of all assigned staff jobs.

Criteria for assigning non-benchmark staff jobs to a grade

For other jobs, market data may not be available; these are “non-benchmark” jobs. Non-benchmark jobs occur when organizations create jobs around individuals skills and expertise or to accommodate specific organizational needs. In some cases, jobs are in the market, but not included in salary surveys. Non-benchmark jobs are assigned to the salary structure by comparing the non-benchmark job to other benchmark jobs at the institution. Human Resources will confirm the non-benchmark process and assignments with management. Jobs are typically compared by considering the following two factors:

- **Knowledge and Skills:** The formal/informal expertise needed to perform the duties of the job on a day-to-day basis. Example: Accounting rules, standards, and procedures
- **Scope of Responsibility:** The breadth or range of the job’s operational influence within the institution. Example: University-wide scope, campus, or department

All non-benchmark jobs are compared to the most similar benchmark job in the institution. Human Resources will compare the non-benchmark job in question using the criteria listed above and determine how to level the non-benchmark job in question into the salary structure.

Individual pay positioning

All employees can expect to be paid within the salary range associated with their job’s grade. However, the pay positioning for an individual employee may differ then the pay positioning of his/her job. For salary structure implementation, individual adjustments also consider factors such as performance, leadership potential, role criticality, scarcity of talent, and mobility. An individual’s pay positioning will be based on the outcomes of an evaluation against these factors.

Setting starting salaries for new hires

Setting a starting salary involves a review by the system’s Classification and Compensation Center (CCC) of a job’s responsibilities and requirements, as well as the skills and experience of the incumbent, using the salary range associated with the job’s grade as the guideline. The following factors are taken into consideration when defining the starting salary:

1. **Review the job and determine its grade assignment.** The CCC human resources staff will first determine if the job is a benchmark job, meaning that the job’s content and requirements match well with jobs in market salary surveys. If the job is a benchmark job, market data will be referenced to determine the job’s grade assignment and provide a competitive salary range for the job within the salary grade. If the job is not a benchmark job, it is leveled into the structure based on an assessment of the relationship of the job to other jobs at the institution that have been benchmarked (see section “Criteria for Assigning Non-benchmark Staff Jobs to a Grade” above for guidelines). The starting salary for the job will be adjusted up or down in this range based on the skills and experience of the individual, as well as internal equity factors at the institution.
2. **Review skills and experience of the individual.** Once the salary range has been determined, the individual salary will be set within this range collaboratively by Human Resources and the

employee's manager/supervisor, based on the incumbent's skills and experience. Less skilled incumbents would be paid lower in the market range; more skilled and experienced incumbents would be paid higher in the range (see section "Individual Pay Positioning" above for guidelines).

Job reclassifications

A reclassification is the change of an employee's current job (i.e., same job number) to a different level classification with a different pay level as a result. A reclassification can be justified when a significant change of the role's primary duties, responsibilities, accountabilities, and complexity is different from the current job description. The following is the process to evaluate reclassification requests:

1. **Develop rationale and update/create the job description.** The manager/supervisor and employee should collaborate to re-write or modify the existing job description to depict the new duties, responsibilities, accountabilities, and complexity of the role. It is advisable to retain the original job description to highlight differences between the jobs. The manager/supervisor should collaborate with the appropriate Human Resources representative to provide rationale for the request and other required documentation to support the request.
2. **Review the job and determine its grade assignment.** CCC human resources staff will determine if the new job is an existing job in the institution with an existing salary grade. If the job is not in the salary structure, there will be a determination if the job is a benchmark job, meaning that the job's content and requirements match well with jobs in market salary surveys. If the job is a benchmark job, market data determines the job's grade assignment and provides a competitive salary range for the job within the salary grade. If the job is in the salary structure, the grade assignment will reflect the existing placement. If the job is not a benchmark job and does not exist in the salary structure currently, it is leveled into the structure based on an assessment of the relationship of the job to other jobs at the institution that have been benchmarked (see section "Criteria for Assigning Non-benchmark Staff Jobs to a Grade" above for guidelines).
3. Once the salary range has been determined, the individual salary will be set within this range collaboratively by CCC, institutional human resources offices, and with input from the employee's manager/supervisor, based on the incumbent's skills, experience, and internal and external market equity.

Special Pay Increases (SPIs)

Special Pay Increases (or, SPIs) can classify as one of the following:

- **Additional Duties (higher classification):** Permanent increases to a job's duties that have substantially increased the level of complexity, authority, or accountabilities of the current classification.
- **Additional Duties (no change in classification):** A significant increase in workload or additional duties outside the current scope of the employee's job, but not of a higher-level classification.
- **Temporary Pay:** A temporary increase or addition of partial duties of another job that are beyond the scope of an employee's current classification.
 - Temporary pay will typically be reevaluated after 90 days unless the duration of the duties is predetermined to be a defined period of time.

- **Counteroffers/Retention Increases:** Used to retain an employee with a written job offer from an external organization that is comparable to the job the employee holds at South Dakota Board of Regents.
- **Internal equity of compression adjustments:** Pay adjustment to maintain an appropriate internal pay relationship among employees in the same classification.

Typically, SPI increases are limited to a maximum of 10%.

Annual salary policy increases

While it is the intent to provide annual salary policy increases when finances permit, the South Dakota Board of Regents cannot guarantee that such increases will occur every year. The funding for annual salary policy increases is contingent upon appropriations from the South Dakota legislature which is determined every legislative session.

The SD Board of Regents salary policy appropriations are divided into pools to address market, performance, and institutional priorities.

Senior leadership will determine the percentage of pools to allocate to market, performance, and institutional priorities and communicate the amount to managers/supervisors. The distribution of performance salary increases should align with the established performance criteria among employees.

In exceptional circumstances, market increases can be applied outside of the annual salary policy processes:

- **Market Adjustments:** Used to adjust pay when an employee is determined to be paid significantly below an external market data rate, as identified by Human Resources.

Over the maximum of the salary range

An employee whose salary exceeds the maximum for the job's salary range will not receive base salary increases until the salary is back within the salary range. Incumbents with satisfactory performance may receive a one-time lump sum, salary policy will not be applied to the base of individual's whose salary is at, or above, the maximum of the range. The amounts of such one-time payments, however, will vary depending on the availability of funds, performance, and internal equity. Over time, an employee's salary may fall within range due to upward adjustments to the institution's salary structure.

In grade career advancement (salary growth)

An employee can also advance in his or her career by significantly increasing his or her skills and competencies while remaining in the same job. (Note that this is different from job reclassification, in which significant portions of the job responsibilities change, for this situation, please see the *Job Reclassification* section). The additional skills or competencies may increase the employee's opportunity for job promotion in the future and may provide additional value to the institution. In some circumstances, the institution may choose to reward demonstration of such skills or competencies when it provides significant benefit to the institution. Managers/supervisors, in consultation with Human Resources, may recommend a modest salary increase within the grade, based on the incumbent's skill, knowledge, experience, performance, and current job within grade.

Note that not all skill or competency enhancement or degree attainment will result in a salary increase. The additional skills or competencies must provide significant benefit to the institution, and the incumbent’s skills, knowledge, experience, performance, and current job within grade must warrant an increase.

Lateral job changes

Not all career advancement opportunities are promotions. A staff member can advance in his or her career by taking a different job in the same grade. This enables him or her to become broadly skilled, enhances his or her ability to contribute to the institution, and positions the staff member for future promotional opportunities. While it is not typically warranted, managers/supervisors, in consultation with Human Resources, may recommend a salary within the salary range based on the incumbent’s skill, knowledge, experience, performance and internal and external market equity if the employee exceeds the minimum qualifications of the job. Human Resources and CCC will handle these instances on a case-by-case basis.

Promotion to a job in a higher grade

Promotion involves taking on a job that belongs to a higher grade. Such a move generally warrants an increase in salary to recognize these additional responsibilities and to ensure that salary for the new job is consistent with market and internal equity. An exception may occur if the incumbent’s current salary is relatively high in the grade for his or her current job. Human Resources and managers/supervisors will collaborate to determine an appropriate salary within the new grade, based on the staff member’s skill, knowledge, experience, and performance, using the quartile placement framework (*see quartile placement table below for framework*). The guidelines listed below instruct quartile placements and resulting salary recommendations. The recommended salary based on these guidelines may not exceed market value of the grade of the new position without approval from CCC. In no case shall the promoted staff member receive less than the minimum salary grade for the new job. The appropriate manager/supervisor will approve salary recommendations.

Placement	Description
Lower Quartile	For incumbents with a relatively high current salary, the new quartile based on the framework, may be lower than their current quartile in the new grade. In this case, a salary adjustment is not required.
Same Quartile	If the incumbent has a relatively high current salary and is already in the resulting quartile, a small percent increase that does not bring his or her salary into the next quartile or grade may be appropriate.
Higher Quartile	Incumbents entering into a new quartile based on the framework should have salaries set at the beginning of the quartile (i.e., the 3 rd Quartile places an incumbent at exactly the Midpoint of the grade).

Demotion to a job in a lower grade

At times, a staff member may be reassigned to a job in a lower salary grade. This may occur because of a more appropriate fit between the staff member’s capabilities and the skills and expectations of a different job, or the staff member may choose to take on a job with lesser responsibilities.

Involuntary demotion

When a staff member is involuntarily reassigned to a job in a lower grade, the salary may be adjusted to a lower rate if necessary to address internal equity. This should be done in accordance with BOR policies and contractual requirements.

Voluntary demotion

If a staff member elects to take a job in a lower grade, a salary reduction may be applied to reflect the responsibilities of the new job.

Human Resources will handle the amount of salary change on a case-by-case basis. For voluntary demotions, the amount of salary decrease should generally reflect the difference between the grade of the current job and the new job. The process for determining an appropriate salary adjustment consists of the following steps:

1. Determine this difference by examining the difference between the grades and applying the differential to the current salary.
2. Review the incumbent's skills, knowledge, experience, and performance in comparison to the definitions for the new salary grade and in comparison to incumbents in similar roles.
3. Modify the initial salary adjustment recommendations, if necessary, to ensure internal equity with the current incumbents in similar jobs in the new salary grade.

Earning a degree

Earning a degree or other professional designation by itself does not generally warrant a salary increase unless job responsibilities change because of the degree attainment.

Job descriptions

Job descriptions are an essential management tool used for many purposes, including recruitment, organizational planning, salary benchmarking, FLSA classification, ADA (Americans with Disabilities Act) compliance, and conveying expectations for performance management. Jobs are assigned to salary grades based on their content, role, and responsibilities so it is important that job descriptions be current, accurate, and complete. With guidance from Human Resources, the appropriate manager/supervisor will develop and approve a job description for every position.

Job descriptions are not an exhaustive list of tasks, but rather as an overview of the duties and responsibilities of the role. Human Resources utilizes a software solution that provides job description template for writing job descriptions. The Human Resources office is responsible for archiving current job descriptions for all staff and leadership positions. Managers/supervisors are responsible for updating job descriptions, as they change, and providing Human Resources with updated descriptions. Managers/supervisors should also review and update job descriptions as appropriate with employees at the time of the annual performance review

A job's title should clearly and accurately describe the job's role and responsibilities. The employee's manager/ supervisor and Human Resources will review and approve of the job title prior to assignment.

Maintaining the salary program

Every 3–5 years, South Dakota Board of Regents' Human Resources will complete a thorough market analysis. SDBOR adheres to the following principles when conducting market pricing:

- Market data is sourced from credible published salary surveys with a representative number of organizations reporting data
- Matches are selected based on the content and essential functions of the job and not on title alone
- Survey comparison markets are aligned with the talent pool or labor market for the job

Between market analysis studies, Human Resources will age the salary ranges in order to maintain growth/pace with the market. Human Resources will age the salary ranges based on growth rates for the Higher Education industry supplied in a reputable survey source.

FLSA and Wage/Hour Guidelines

Exempt/non-exempt status and overtime pay

Federal and state laws require that overtime be paid for certain jobs. All jobs fall under one of the two categories below:

1. “Exempt” refers to jobs that are excluded from these overtime requirements. This means that incumbents are not entitled to overtime pay if the job is “exempt” regardless of how many hours are worked.
2. “Non-exempt” refers to jobs that are not exempt from legal overtime requirements. This means that incumbents in non-exempt jobs are entitled to overtime pay for all time worked beyond 40 hours in a week. Overtime will be paid in accordance with BOR Policy 4.5.1 – Time and Leave Reporting. According to the FLSA, SDBOR can be penalized for failure to pay for unauthorized time worked.

In accordance with legal requirements, the classification of a job as exempt or non-exempt depends on the content of the job as outlined in the federal regulations. Criteria include type of job responsibilities, reporting relationships, and/or qualifications of the person. It does not depend on how the staff member (or manager/supervisor) wants to classify the job. Human Resources will make the final decision as to whether a job is exempt or non-exempt based on an analysis of the job as compared to federal regulations.

Pay for all time worked (non-exempt staff only)

It is the responsibility of the manager to communicate when overtime is and is not necessary for the staff member. In order to adhere to the budget, managers must inform staff in advance of restrictions in the number of overtime hours worked.

It is the responsibility of the staff member to follow managerial guidance and to work overtime only when it is approved by his/her manager/supervisor.

Please refer to the Department of Labor’s website for additional details on FLSA:

<http://www.dol.gov/compliance/laws/comp-flsa.htm>