# SOUTH DAKOTA BOARD OF REGENTS
# Faculty Pay Guidelines

## Introduction

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

This document outlines a set of pay guidelines for managing compensation across the various institutions belonging to SDBOR. These pay guidelines provide a general framework for applying pay practices in accordance with the Board's faculty compensation philosophy, which is to provide a fair and competitive total compensation package that will attract, retain and reward high-performing faculty at all levels.

If any part of these guidelines contradicts SDBOR policy, SDBOR policy is applicable.

## 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 faculty members. 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 faculty 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 BOR Strategic Plan, and our commitment to the faculty. 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 faculty and staff.

**We strive to have our compensation and benefit programs be**:

- Market competitive and internally equitable
- Fiscally responsible
- Sustainable

- Accessible, easily understood, and clear

The faculty compensation program aligns with the faculty member's discipline, faculty rank, and the appropriate market for the university they work for.

### Total Compensation

Base pay and benefits are the cornerstone of our compensation. Our varied benefit offerings include health, retirement, wellness, holidays, sick and annual 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 faculty.

### Market Peers

Our labor markets for talent reflect the appropriate Carnegie classification, academic programs, mission, and organization size for the different faculty positions at the university.

The defined markets are used for external market comparisons for our pay programs to determine their degree of competitiveness.

### Beyond Market Factors

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 faculty member due to an individual's skills, qualifications, experience, performance or how the role fits into the overall strategy and needs of the university.

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.

## Compensation Administration

### Setting Starting Salaries

Setting a starting salary will be determined based upon the appropriate market peer group for positions of like rank and discipline, internal equity within the institution, and the skills, education, and experience of the incumbent.

### Annual Salary Policy

Annually, the Board and the Executive Director will set systemwide priorities for how salary policy funds will be allocated. These priorities may address institutional needs, program demands, performance, or market conditions. The University President may further direct salary policy funds toward specific departments or academic areas when aligned with institutional priorities. Salary policy allocations apply to all faculty who meet, or exceed, performance expectations and who will be reappointed for the next fiscal year. The Board may choose to provide additional salary funds; any such funds are distributed at the Board's discretion. (See Appendix A - Faculty Salary Policy Guidelines)

#### *Market Adjustments*

When applying market adjustments, faculty salaries are compared to the salary for similar disciplines and ranks within the relevant Carnegie classification salary survey. If direct comparison data is not available, the most appropriately related discipline data will be used.

#### *Performance-Based Adjustments*

Performance adjustments are based on the annual faculty evaluation process as outlined in SDBOR Policy 4.4.4. Faculty who do not meet expectations in their evaluation are not eligible for performance-based salary increases.

#### *Institutional Priorities*

Institutional priorities are set by the university administration to allocate salary funding to support institutional strategic priorities.

## Instructional Overload and Non-Instructional Supplemental Pay

### Instructional Overload

Instructional overload refers to credit-bearing instructional assignments that exceed a faculty member's standard base workload assignment pursuant to BOR Policy 4.4.3 – Statement Concerning Faculty Expectations for the faculty member's contract period.

#### *Overload Rate*

Instructional overload rates are governed by and will be paid in accordance with BOR Policy 4.4.5 – Faculty Compensation, which indicates that overload assignments are compensated at 8% of base salary per three-credit course. This rate may be increased by up to 2% in exceptional circumstances.

In some cases, the compensation for instructional overload may be adjusted based on course credit and enrollment. Compensation for courses carrying fewer than three credits will be prorated accordingly. If a course does not meet the minimum enrollment threshold established by the administration, the overload contract may be voided, or the faculty member may also choose to teach the course at a reduced compensation rate.

Non-credit-bearing instructional overload may be compensated at an alternative rate mutually agreed upon by the faculty member and the University. However, this rate may not exceed the standard instructional overload rate.

### *Funding Source*

Funding sources are not a contributing factor when determining overload or supplemental compensation rates.

## Non-Instructional Supplemental Pay

Faculty roles encompass a wide range of responsibilities essential to the functioning, advancement, and well-being of our academic institutions and the broader scholarly community.

While most activities fall within the expected responsibilities of faculty and are therefore not subject to additional compensation, there may be rare circumstances in which supplemental duties exceed the typical scope of a faculty member's responsibilities. Because these duties may require significant additional hours worked, specialized expertise, and increased responsibility and accountability, supplemental pay ensures fair and consistent recognition of the work performed.

Non-instructional supplemental compensation may be appropriate when the assignment is above and beyond the faculty member's normal scope of work, and the duties are substantially beyond standard service expectations, in scope, time commitment, level of responsibility. Supplemental pay helps ensure fair and consistent recognition of the work performed. Such instances should be exceptional and approved as outlined in BOR Policy 4.4.5 – Faculty Compensation.

### *Rate Calculation*

Non-instructional supplemental compensation will be set at a rate that reflects the scope, complexity, and duration of the additional work assignment.

Institutions may establish standard rates for recurring non-instructional duties (e.g., program director roles).

Total instructional overload and non-instructional supplemental pay may not exceed 25% of the faculty member's contracted base salary during the faculty member's contract term (SDBOR Policy 4.4.5.2).

In alignment with practice for additional duty pay or supplemental compensation for other university employee types, non-instructional supplemental compensation is typically limited to a maximum of 10%.

### *Approval and Documentation*

All non-instructional supplemental assignments must be documented and approved in advance by the institution's academic affairs and human resources offices. Documentation must include a defined scope of work, expected outcomes, and duration.

## Off-Contract Compensation

### Instructional Overload and Non-Instructional Supplemental Pay

Faculty who accept off-contract instructional assignments will be compensated in accordance with all other instructional overload compensation practices in this guideline and as outlined in BOR Policy 4.4.5 – Faculty Compensation.

Off-contract instructional pay is calculated based on the faculty member's current academic year base salary and the instructional credit hours assigned.

Off-contract instructional overload and non-instructional supplemental compensation are not included in the 125% limit on total compensation; however, a faculty member should not earn more than the equivalent of their base salary in their off-contract months.

### Research and Sponsored Projects

Off-contract assignments for sponsored or institutionally approved research activities conducted outside the standard academic-year contract.

During off-contract periods an employee may earn and be paid no more than the equivalent of their monthly institutional base salary for the time outside of the employee's contract from all sources of funds. All compensation for grants and sponsored projects must comply with the granting agency requirements.

# Appendix A – Faculty Fiscal Year Salary Policy Guidelines

### Professorial & Librarian Ranks Salary Pool Allocations

1. Market: 5-35%
2. Performance: 60-70%
3. Institutional Priorities: 5-30%

### Lecturer & Professor of Practice Ranks Salary Pool Allocations

1. Market: 0 – 20%
2. Performance: 70-100%
3. Institutional Priorities: 0-20%

## Market

**5-35%** of available monies will be reserved to apportion to all faculty members who have a total weighted performance rating of meeting or exceeding expectations (1 or greater) in the most recent evaluation period and whose salary is below the market for persons of like discipline and rank as recorded in the most recently available CUPA-HR salary survey.

1. Institutional administrators will code each faculty member's assignment to reflect the faculty member's actual primary assigned responsibilities for the purposes of market comparison.
    a. **Market levels will be adjusted to reflect performance as follows:**
        i. Salaries of faculty members who met expectations will be compared against the salary of persons of like discipline as reported in the CUPA-HR salary survey for the appropriate Carnegie classification(s) for the institution.
        ii. Individual faculty member market increases are capped at 5%, and any funds not utilized in the market pool will revert to the institutional priorities pool.

## Performance

**60-70%** of available monies will be allocated based on faculty member performance and will be determined by the calculated overall weighted average performance rating as outlined below.

1. All faculty members will be compensated in accordance with the quality of their performance as described below.
2. The institutions may reserve monies to be distributed to persons who rendered superior performance.
3. Performance ratings will be based upon the annual performance evaluation conducted according to institutional practice.

4. Each university will designate organizational units that will be grouped together for purposes of distribution of the performance increase. These groupings need not coincide with the institutional organizational structure; except that the performance evaluations of all grouped organizational units will have been reviewed by the same reviewer.
5. At each institution, evaluations will be reviewed by a next-level administrator, hereafter "the reviewer," who will have the duty of rating faculty members in each area of professional responsibility based upon department head comments that were recorded as part of the annual evaluation of performance.
6. Areas of professional responsibility will be determined with reference to expectations for professorial or librarian ranks as modified by workload.
7. Performance ratings will be adjusted as follows:
    a. A four-category rating scale will be employed, and each rating will be assigned a number as outlined in BOR Policy 4.4.4 – Faculty Evaluation.
        i. Faculty who failed to meet expectations. Assigned number = 0.
        ii. Faculty who met expectations. Assigned number = 1.
        iii. Faculty who performed above expectations. Assigned number = 2.
        iv. Faculty who performed substantially above expectations. Assigned number = 3.
8. The reviewer will have the prerogative of placing faculty members in groupings based upon review of the department head's performance assessment and of the activities that the faculty member reported on the annual evaluation instrument.
9. The performance ratings thus assigned in each category will be multiplied by the percent of effort for that category as stated in the faculty member's annual evaluation.
10. The resulting products for each area of responsibility will be added together to derive a total, weighted performance rating for the most recent evaluation period.
11. The faculty member's total weighted performance rating for the most recent evaluation year will be averaged with the faculty member's total weighted performance ratings for the immediate prior two years to arrive at a 3-year overall weighted average performance rating. This overall, weighted performance rating will form the basis of the formula-driven performance pool distribution.
    a. If a faculty member was not assigned a weighted performance rating for either of the two immediately prior years, the assigned weighted performance rating for the current evaluation year will be used for purposes of the formula-driven performance distribution.
    b. If a faculty member was assigned a weighted performance rating for only one of the two immediately prior years, the overall, weighted average performance rating will be derived by averaging the current evaluation year total weighted performance rating with the single prior year weighted performance rating.
12. Any faculty member whose overall, weighted performance rating is less than 1 will be assigned the number 0; all other overall, weighted performance rating values will be employed according to their derived values.

13. The overall, weighted performance rating will be multiplied by the faculty member's current annual salary. The product of this operation will equal the individual faculty member's performance salary points.
14. The weighted performance salary points for each faculty member within a rating group will be added together to form the grouping's total weighted performance salary points.
15. The total weighted performance salary points for each grouping will be divided into the total dollars available for the formula-driven performance distribution for that group, and the result will be expressed as a percentage, the standard performance factor.
16. The weighted performance salary points for each faculty member will be multiplied by the standard performance factor to yield the formula-driven performance increase for each individual faculty member.

### Distinguished Performance Pool – 0 – 15% of Performance Pool

Each institution may recognize distinguished performance by distributing funds reserved for this purpose from the performance pool to persons whose performance was so distinguished and of such exceptional quality in the judgment of the university president as to be superior and worthy of special institutional recognition. Presidents may elect to dedicate up to 15% of this part of the pool for such purposes. Monies directed to this purpose will reduce the sums available for the formula-driven performance increase.

### Institutional Priorities

5-30% of available monies will be allocated on the basis of institutional priorities. In selecting individual recipients of institutional priorities increments, presidents will consider individual performance, market conditions and other circumstances bearing upon individual contribution to program success.