



OFFICE OF THE CHANCELLOR

**TO:** USM Presidents

**FROM:** William E. Kirwan  
Chancellor

A handwritten signature in black ink, appearing to read "W. Kirwan".

**DATE:** April 30, 2013

**RE:** FY 2014 USM Compensation Guidelines

1807  
University of Maryland,  
Baltimore

1856  
University of Maryland,  
College Park

1865  
Bowie State University

1866  
Towson University

1886  
University of Maryland  
Eastern Shore

1898  
Frostburg State University

1900  
Coppin State University

1925  
Salisbury University

1925  
University of Baltimore

1925  
University of Maryland  
Center for Environmental  
Science

1947  
University of Maryland  
University College

1966  
University of Maryland,  
Baltimore County

*I. Introduction*

With the completion of the General Assembly's 2013 Session, we are now able to provide guidelines for the compensation of faculty and staff of the University System of Maryland (USM) in Fiscal Year 2014. After years of difficult economic times, we are pleased to be able to provide a substantial Cost of Living Adjustment (COLA) and—for the first time in four years—merit increases in FY 2014. The General Assembly has authorized these increases as follows:

A three percent (3%) COLA to be made on January 1, 2014;

Merit increases on April 1, 2014.

Given the delay in implementation of merit

Types of Compensation Not Restricted by the Guidelines. Except for certain reporting requirements explained in this memo, the restrictions and requirements of the guidelines do not apply to the following types of compensation:

1. Increases for promotion to a new position;
- 2.

develop a plan to complete the performance evaluations upon which the merit increases will be based and to notify employees of resulting increases.

Consistent with USM Policy VII-9.20, Nonexempt staff who are given an evaluation ranking of “Meets Standards” or better shall receive a merit increase of 2.5%. Based upon the availability of institution funds, an institution may also award an amount up to an additional 2.5% as a merit increase for Nonexempt staff whose performance is above standards and/or outstanding.

Merit increases for other employees shall reflect their performance, consistent with the institution’s performance evaluation plan and standards and any relevant collective bargaining agreement requirements. The FY 2014 budget includes funding for a 2.5% average merit pool for faculty and exempt staff employees.

According to USM policy, employees are eligible to receive a merit increase up to the maximum

2.

2. Non-Cumulative Cash Bonuses: Described in BOR Policy VII-9.20, Section X.A. and B.
3. Non-Salary Taxable Compensation: Increases in non-salary taxable compensation (e.g., house and car allowances, and deferred compensation contributions), unless authorized by the President and approved in advance by the Chancellor.

#### G. Other Salary Adjustments.

Other compensation adjustments generally should not be made during the fiscal year. When justified (e.g., a mid-year “acting” status change in pay; supplemental compensation for contractual employees for health coverage cost increases, equity increases required to comply with federal and state equal opportunity employment laws), salary adjustments may be made. Any such adjustments that result in total compensation increase of 15% or more during FY 2014 should be included in the institution’s periodic report to the Chancellor.

#### IV. Required Approvals and Reports

##### A. Prior Approval.

The institution must obtain prior approval by the Chancellor, or the Chancellor’s designee, for any FY 2014 for compensation increase (other than those listed in Section II(B), “*Types of Compensation not Restricted by the Guidelines*”) under the following circumstances:

When the institution proposes to offer multiple salary increases in a department or unit for retention, equity or other purposes.

After the institution has awarded a total number of retention, equity or other increases in FY 2014 that exceeds 5% of the institution’s full-time equivalent workforce.

Compensation increases proposed under these c

- ii. All other salary adjustments, including reclassifications, promotions or “other” adjustments described in Section III. (G) that result in a total compensation increase of 15% or more during FY 2014.

For FY 2014, four periodic reports will be required on:

July 15, 2013: For increases effective on July 1, 2013.

November 15, 2013: For increases effective after July 1 - October 31, 2013.

April 1, 2014: For increases effective November 1, 2013 - March 15, 2014.

July 15, 2014: For increases effective March 16 - June 30, 2014.

The timing of these reports is mandated by USM reporting requirements to the General Assembly, including a report regarding retention increases that is due on December 1, 2013.

3. Updated List of Institution Key Staff Employees. Includes, at a minimum, institution officers, direct reports to the President, and individuals whose contracts or other compensation agreements that fall under the USM Policy on the Review of Highly Compensated Personnel, containing compensation data for FY 2013 and FY 2014. (see attached format).
4. Report on Ratings of Nonexempt Performance Evaluations—Nonexempt Pay Program.

Suggested formats for each of these reports are attached.

If you have any questions regarding these guidelines and reporting requirements, please contact JoAnn Goedert at (301) 445-1921 or via email at [jgoedert@usmd.edu](mailto:jgoedert@usmd.edu). Thank you very much.

#### Attachments

cc: Joseph F. Vivona, COO/VCAF  
Vice Chancellors  
Vice Presidents for Administration  
Provosts and Academic Vice Presidents  
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Monica West