**Annex 2.2. Salary Administration Policy\***

**SALARY ADMINISTRATION**

**POLICY**

The goal of the Institute's salary administration program is to enable the Center to attract, retain and motivate the number and caliber of employees necessary to achieve its objectives. In pursuing this goal, the Institute has developed a logical structure of job categories and associated pay ranges to compensate employees appropriately for the nature and level of work performed and to provide opportunities for growth.

The pay ranges assigned to each job were designed and are maintained to be consistent with the financial position of the Institute, internally equitable, and competitive with those of other employers for comparable work. The salary review process provides an effective method for evaluating and rewarding individual job performance.

The salary administration policy seeks to comply with relevant federal and District of Columbia laws and to keep employees informed of compensation matters affecting them while protecting the confidentiality of salary information pertaining to other Center employees.

The Institute considers only job-related factors in making decisions on pay and does not discriminate on the basis of race, color, age, sex, sexual orientation, religion, national origin, disability, matriculation, veteran status, marital status, personal appearance, family responsibilities or political affiliation.

**DEFINITIONS**

Position: Work consisting of responsibilities and duties assignable to one employee. There are at least as many positions within the Institute as there are employees.

Job: A grouping of positions which are essentially the same in terms of the nature and level of work being performed by the position incumbents. Each job has a title, classification and an associated grade level.

Job Description: There is a formal description of the **major** responsibilities, duties, and level of work performed for each job. Such job descriptions are not exhaustive lists of responsibilities.

Job Description Questionnaire: A questionnaire completed by an employee and reviewed by the supervisor which describes the employee's work assignment and lists the skills and abilities normally required to perform it satisfactorily. The questionnaire provides the basis for the Human Resources (HR) Office evaluation and classification of a position and for preparing or updating a job description.

Job Evaluation: The process used to determine the level and appropriate classification and salary grade for each job relative to all other Institute jobs.

Salary Grade: The classification level assigned to a group of similar jobs which, although different with respect to skill and knowledge requirements and kinds of work performed, are similar enough in level of difficulty and responsibility to warrant similar pay.

Salary Range: The minimum to maximum dollar amount payable to incumbents in each job. Each range is developed from relevant labor market surveys that reflect salaries being paid by other organizations for similar jobs. The ranges are reviewed each year and are approved by the president.

Salary Structure: A hierarchy of salary grades and ranges which allows for the appropriate classification of each job.

**JOB CLASSIFICATION AND SALARY STRUCTURE**

There is a job classification and salary structure for each category of Institute employees:

Research Staff (Grades R01 - R05)

Administrative Staff (Grades S01 - S05)

Information Technology (Grades C01 - C05)

The Institute assigns each job to a grade on the appropriate salary structure based on an evaluation of the job's relative worth to the Institute and what other organizations pay for comparable work. The HR office uses a compensable-factor system to evaluate the jobs at each level.

Along with a salary grade, the HR office will assign each job an appropriate title and will prepare a standard job description.

Each job is also designated as either exempt or nonexempt from the overtime provisions of the Fair Labor Standards Act.

**ANNUAL REVIEW OF SALARY RANGES**

Once a year, normally in September, the HR office will review the salary ranges for each job in comparison to rates of pay by other employers in the various labor markets in which the Institute competes. The director of HR will review surveys and other information on conditions in the relevant outside labor market and will recommend to the president any changes necessary to remain competitive. The president will authorize such changes, when they are feasible, on the basis of labor market conditions and not directly on changes in the cost of living. This process is separate from the adjustment made to individual salaries.

**ANNUAL REVIEW OF INDIVIDUAL SALARIES**

Salary Review Committee: The salary review committee consists of the president and vice presidents; all Center directors, a senior fellow, the director of administration, the director of IT, and the director of HR. The function of the salary review committee is to ensure consistency and fairness of the salary review process and in the salary adjustments approved for staff members. The committee reviews the salary increase and promotion recommendations for all staff below the Center/office director level.

Salary Increase Budget: Each fall, the HR office will distribute to center and office directors historical and comparable salary data for their staffs. Prior to the fall meeting of the Institute's board of trustees, the salary review committee will meet to develop a recommended salary increase budget for the annual review based on the Institute’s overall financial position, the general economic outlook, the CPI, and increases being proposed by comparable organizations. The president, in consultation with the board of trustees, will authorize a salary increase budget.

Salary Review Committee Decisions: Center and office directors will send salary increase recommendations to the salary review committee through the director of HR. The director of HR will review the recommendations for consistency with the most recent performance appraisals and with the goals of the Institute’s Affirmative Action Program, and will verify that they are within the established salary ranges. The HR office will provide the salary review committee with the information it needs to make fair and equitable decisions. The recommendations of the salary review committee shall be reviewed and approved by the president.

Notification to Employees: The HR office will transmit a notification, through the appropriate center or office director, to each employee who receives a salary increase. The center or office director will notify each employee of his or her salary increase. Salary increases are effective January 1.

Salary Adjustment Appeals: An employee who wishes to appeal a salary increase decision should forward the appeal through the appropriate center or office director and the director of HR to the salary review committee. The appeal must be in writing and must explain why the employee feels the salary review committee's decision should be modified. The committee will consider the information presented in the written appeal and will make a recommendation to the president for final decision. Modifications resulting from an appeal will be made retroactive to January 1.

# STARTING SALARIES FOR NEW EMPLOYEES

Center and office directors may make recommendations to the director of HR in connection with the hiring of a new employee, but only the director of HR has the authority to extend an official offer of employment or to authorize any other Center employee to extend a verbal offer of employment. Generally, starting salaries will not be set below the minimum nor above the maximum of the salary range for the job. The director of HR will recommend all starting salaries, basing them on internal equity and outside labor market considerations and may authorize starting salaries for all nonexempt employees and all exempt employees. Those cases where the center or office director and the director of HR do not concur require the authorization of the president.

**TIMING OF FIRST SALARY REVIEW FOR NEW EMPLOYEES**

Salaries for regular employees are reviewed as set forth in the offer letter that established their employment with the Institute.

Salaries for regular employees on term assignments are set for the duration of the assignment. If the term is extended or renewed, the term employee's salary will be considered at that time for adjustment for the duration of the new term. If the employee continues on regular employment status but is no longer subject to a specified term, the salary may be adjusted at that time or deferred until the next annual review cycle. Thereafter, the employee will receive salary consideration during the annual review cycle.

**OUT-OF-CYCLE INCREASE IN SALARY**

There may be circumstances that justify a salary increase at times of the year other than during the annual review period; such as promotion into a vacant position, or the necessity of counteracting an outside offer to an Institute employee. In such cases, associated salary increases will be effective on the date of approval.

**DECREASE IN SALARY**

Occasionally, because of work schedule requirements, the assumption of fewer or lower levels of responsibility, organizational changes which result in the elimination of an employee's former position, changes in career path, or other reasons, an employee will apply for a vacancy in a position at a lower level. The salary in such circumstances will be set within the new position's range at a point comparable to salaries paid to incumbents in that grade who have similar job responsibilities and job performance levels. The director of HR in consultation with the appropriate center/office director will decide an appropriate salary rate.

## PROMOTION

A salary increase associated with a promotion will be based on the individual's performance and relative position in the new salary range. Generally, promotion recommendations are considered by the salary review committee during their fall review cycle and, if approved, become effective on the first day of the calendar year. Out-of-cycle promotions to fill a vacant position, that are made outside of the regular salary review process, become effective on the date they are approved and any associated salary increase is effective on that date as well.

**RECLASSIFICATION**

A reclassification will occur when an employee's existing position is reevaluated by the HR office and reclassified into a higher or lower salary grade as a result of discernible and measurable changes in the level of responsibilities and skills required to perform the work. Those reclassifications which result in a position being moved to a higher salary grade will be considered promotions. A job reevaluation may also result in the position's title being changed (with no change to salary grade) or in no change to the position's classification. Requests for reclassification will generally be considered during the annual salary review cycle and any salary adjustment resulting from the reclassification will be effective January 1.

A request for reclassification may be initiated by the supervisor or by the employee through the supervisor and must be supported by substantial evidence that there has been a **significant** and **sustained** change in the degree of independence with which an individual works, the level of judgment the individual must exercise, the degree of difficulty of the tasks performed, or the individual's supervisory responsibilities. A change in the number of tasks associated with a job or the number of individuals supervised does not alone provide sufficient justification for reclassifying a position.

Reclassification Procedures for Administrative and IT Staff: The employee will complete a Job Description Questionnaire form, which may be obtained from the HR office. The supervisor will review the employee's responses and complete the supervisory section before forwarding the completed questionnaire, a copy of the employee’s most recent performance appraisal, and any other substantiating data, along with a written request for reclassification, to the director of HR.

The HR office will compare the questionnaire to existing job descriptions and other job classification data to determine the appropriate classification for the position. If appropriate, the director of HR will recommend a new job title, classification, and salary grade to the salary review committee or president as may be appropriate. The employee will be notified of the decision through the supervisor.

Promotion Procedures for Research Staff: When, in the opinion of the center director, a researcher meets the established standards for promotion to the next higher grade, the center director may recommend a promotion. The center director must submit a Request for Promotion form (available from the HR office) or a written memorandum noting specific examples of performance that demonstrate a higher level of work than expected for the current grade level. A current resume, writing samples, and a copy of the most recent performance appraisal should accompany the memo.

Requests for promotion are considered during the annual salary review cycle. The director of HR will review the recommendation for completeness and consistency with the most recent performance appraisal and forward it to the salary review committee for a decision. The employee will be notified of the decision through the supervisor.