



MEMORANDUM

TO: Chancellors, Vice Presidents, Vice Provosts, and Twin Cities Campus Deans
FROM: Rachel Croson, Executive Vice President and Provost
Kenneth E. Horstman, Vice President for Human Resources
DATE: April 21, 2022
RE: Fiscal year 2023 compensation planning instructions

After a review of economic trends, budgetary realities, and our academic aspirations, we are proposing the following merit increase guidelines for fiscal year 2023 (July 1, 2022, to June 30, 2023). All increases should be made effective June 20, 2022.

Included are details about:

- Annual merit increase percentage
- Guidance on implementing and awarding a market adjustment account
- Increases to salary range minimums (including salary floors), midpoints, and maximums
- Structured promotional increases

The information in this memo applies to the following employee groups:

- Faculty in the 94xx job code series at U of M Morris, U of M Rochester, and U of M Twin Cities
- Academic Professional and Administrative (93xx, 96xx, and 97xx series)
- Civil Service
- Postdoctoral associates (9546)
- Graduate assistants

These guidelines do *not* apply to:

- Employees covered by collective bargaining agreements. These groups have compensation plans negotiated into their collective bargaining agreements.

3.85% Merit Increase Pool to Be Recommended to the Board of Regents

Mindful of budget constraints, the University of Minnesota is incorporating a 3.85% merit increase pool in the President's recommended operating budget for fiscal year 2023. This merit pool must be calculated by taking 3.85% times the total base salaries of eligible faculty and staff (noted above, including postdocs and graduate assistants) within a unit. The total dollar amount awarded in merit increases cannot exceed that 3.85% pool.

The President's recommended budget, including the proposed merit increase, will be brought for Board of Regents review in May and action in June. The budget, and therefore the merit pool, is not finalized until approved by the Board of Regents. If the Board of Regents makes any change in the merit increase pool, we will notify you immediately with further direction. Any communications to employees should be held

until the final merit increase pool is approved by the Board of Regents. If you find it is imperative to send communications before this final approval, all communications should state that the increase is contingent on final approval of the budget by the Board of Regents in June.

For FY2023, the University is returning to its standard practice of linking the merit pool award to performance. All faculty and staff not covered by a collective bargaining agreement should receive compensation increases based on individual merit, as opposed to all employees receiving an “across-the-board” increase. This means that within each unit, managers should allocate their increases so individual employees receive merit increases that vary based on their performance. Please read “[Merit Pay Increases–Design Options](#)” for ideas on how to structure your merit pay pool.

The annual increase process should be completed by the end of fiscal year 2022, and salary increases should be reflected in the new base pay rates for fiscal year 2023. University policy requires annual written performance evaluations for all employees. Each campus, college, or unit is required to record in PeopleSoft the dates of all completed performance reviews.

Postdoctoral Associates

As stated above, postdoctoral associates are eligible for the annual merit increase. However, increases for these roles are typically awarded at different times of the fiscal year as determined by each campus/college/unit, with the timing typically aligned with the end of the fiscal year, the beginning of the academic year, or the associated contract date.

Graduate Assistants

Graduate assistant employees are eligible to receive an annual salary increase. How and when these increases are awarded varies and are at the discretion of the campus/college/unit. Options for distributing the salary increase to this population include:

- Across-the-board increase that reflects the merit percentage
- Increase based on educational achievement that varies by recipient
- Increase related to salary range floor movement

The timing options for making these adjustments include the end of the fiscal year, the start of the academic year, or the associated contract date.

Undergraduate Student Workers

The University is currently reviewing the hourly rate of student worker wages. Information on the results of this process will be communicated when the review is complete.

Implementing a Market Adjustment Account

The University recognizes that with significant salary pressures in many sectors of the employment market, a campus/college/unit may need to adjust its approach to salary planning to retain and reward their workforce. Campuses/colleges/units are encouraged to establish a market adjustment account, and the University is providing [instructions for structuring and awarding this type of salary increase fund](#).

The funding of a market adjustment account can be made in addition to the 3.85% merit pool, or .25% of the 3.85% merit pool may be reserved for market adjustments without requiring written justification.

Each campus/college/unit is encouraged to further assess faculty salaries during the annual SERC process. Guidance on this process is issued annually in January, and some units also reserve some portion of the merit pool for the [SERC process](#).

Approval Needed for Variations to 3.85% Merit Pool

If a campus/college/support unit (Resource Responsibility Center–RRC) believes there is a compelling business need to provide a merit pool greater than or less than 3.85%, the campus/college/support unit must submit written justification by May 13, 2022, to the Provost Rachel Croson and OHR Vice President Ken Horstman, as noted below. Any proposal to reduce the average merit pool below 3.85% should be grounded in data reflecting how salaries in the unit meet or exceed relevant market comparisons. The Provost and OHRVP will consult together and with the Finance and Operations Office as necessary on any review of written justifications. Campuses, colleges, academic and non-academic units should submit written justifications to provost@umn.edu and ohrvp@umn.edu.

3.85% Increase to Salary Floors and Salary Ranges That Have Not Been Refined

Effective June 20, 2022—the first day of the first pay period in FY2023—the salary floors and salary range minimums, midpoints, and maximums *for positions that have not gone through market refinements* will increase by 3.85%. This includes the following job families:

- Administration
- Education
- Libraries & Museums
- Research
- Student Services

The salary ranges for all other job families have been refined to match the market more closely and are adjusted each January to reflect the market.

The postdoctoral associate salary floor will also be increased by 3.85% to \$50,290. Discussions and communications will occur in the coming weeks regarding any additional adjustment to the postdoc floor that might be needed.

Other Forms of Salary Increases

In addition to annual increases, some people may receive other forms of increases during fiscal year 2023. It is important to note that the base salary 3.85% pool excludes increases required to bring salaries to the new salary range minimums and floor minimums, as well as any increases related to equity adjustments, promotions, retention offers, and other forms of pay increases. Increases for these reasons must be approved through standard procedures, will add cost on top of the base salary 3.85% pool, and must be tracked separately.

Guidelines for promotional increases are below:

For regular faculty

Base salary increases for faculty receiving promotions or tenure may not be less than the following amounts:

- Assistant professor without tenure to associate professor with tenure: \$3,100
- Assistant professor with tenure to associate professor with tenure: \$3,100
- Associate professor without tenure to associate professor with tenure: \$3,100
- Associate professor without tenure to professor with tenure: \$4,000
- Associate professor with tenure to professor with tenure: \$4,000

Promotions for non-regular faculty

Promotional increases for non-regular faculty are awarded at the campus's/college's/unit's discretion. Increases must be consistent with past practices, may not exceed the increases provided to regular faculty, and must be implemented in a non-discriminatory manner.

Questions

If you have questions about these compensation planning instructions, please contact your campus/college/unit human resources department. Documents linked here will also be available on the [Salary Plans](#) page of the OHR website.

Sincerely,

Rachel T. A. Croson
Executive Vice President and Provost

Kenneth E. Horstman
Vice President for Human Resources

c: Joan Gabel, President
Myron Frans, Senior Vice President for Finance and Operations