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## ARTICLE I. GENERAL

### 6-901 Salary Increases

#### A. General Policy

Each of the Arizona universities shall establish and maintain a system of compensation which encourages and promotes excellence in performance of faculty, professional staff, administrators and classified staff. To this end, the universities shall operate with a Board-approved salary increase plan that provides for rewarding employees in recognition of satisfactory and above-satisfactory performance and provides for a process by which other salary increase considerations are resolved. Monies appropriated and identified by the Legislature as funds to be used by the universities for salary increases shall be divided and distributed under guidelines applicable to two categories: (1) adjustment funds; and (2) performance funds.

#### B. Adjustment Funds

In order to maintain an effective compensation plan on each of the campuses, the universities shall continually assess the need for these increases. Such increases may include: (1) market, (2) equity, (3) promotion, and (4) reclassification. Each university shall determine the amount of adjustment funds needed each year for each of the four employee groups and shall request that the Arizona Board of Regents set aside such an amount from the total funds made available by the Legislature for salary increase purposes.

#### C. Performance Funds

Performance increases shall be distributed on the basis of an assessment of employee performance. University-approved formal performance evaluation plans administered at the departmental or other organization unit level at each university shall provide the documentation for performance awards to employees in each of the four groups.

#### D. Procedures

Funds appropriated to each university for salary increase purposes shall be allocated to each of the four employee groups (faculty, professional, administrative, classified) in proportion to their share of the salary base of that university. Each university shall submit to the Board of Regents a plan

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for dividing the funds allocated to each of the four employee groups between adjustment funds and performance funds. The Board of Regents shall authorize such division of funds for each of the four employee groups, recognizing different circumstances and needs may lead to different proportions of adjustment funds and performance funds among the various employee groups and among the three universities. Unless exception is approved by the Arizona Board of Regents, no funds allocated to an employee group (faculty, professional, administrative, classified) shall be used to enhance the salaries of employees outside of that employee group. Any exception must be based on compensation-related factors and circumstances which justify an alternative distribution method.

E. Compensation Report/Salary Adjustment Report

Each year the president of each university shall submit a compensation report to the Arizona Board of Regents upon request. The report shall include such information as requested by the Board.

F. Performance Based Incentives

Each university and the Central Office may establish procedures to develop and administer a performance based incentive program to promote efficiency and effectiveness subject to the following:

1. Incentives shall clearly relate to a measurable standard of performance which must be achieved.
2. Program must be for all employee groups. All employees in .50 - 1.0 FTE positions shall be eligible to participate.
3. Incentives shall result in cost reductions, improved service quality or improved productivity.
4. No increase in compensation for future services shall exceed the amount of increase in compensation for future services permitted by A.R.S. §38-618 or other applicable provision of Arizona law. The increase in compensation for future services may not be added to an employee's base pay.

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5. Sources of funds may be from up to 80 percent of salary savings, other monies appropriated from the state general fund, or other sources.

University procedures for awarding increases in compensation for future services shall be submitted to the Executive Director of the Board for presentation to the incentives program oversight review committee for review and recommendation.

This policy shall not prevent a university or the central office from establishing other performance based incentive programs that provide for other means of recognizing and rewarding exemplary performance in addition to increases in compensation for future services. These may include one-time incentive or recognition awards based upon previously established criteria for measuring performance.