

SECTION: **POLICY STATEMENT - PERSONNEL**

SUBJECT: **COMPENSATION PLAN POLICY**

PURPOSE: To provide a policy framework for a compensation plan for Cal Poly Corporation ("CPC") employees.

EFFECTIVE DATE: **March 14, 2003**

HISTORICAL: May 1, 1996

COMPENSATION PLAN POLICY

I. BACKGROUND AND PURPOSE

This policy establishes the framework for a compensation plan covering all positions.

II. LEGAL REQUIREMENTS

- A.** Section 42405 of the California Code of Regulations requires that an auxiliary organization establish salaries and benefits for full-time employees that are comparable to the salaries and benefits being paid State employees on campus performing substantially similar services. The term "comparable" does not mean identical to the salary and benefits offered by the University to the same class, as long as the total compensation package, exclusive of retirement and permanent status benefits, is substantially similar.
- B.** For those employees who perform services that are not substantially similar to the services provided by University employees, the salaries established shall be at least equal to the salaries prevailing in other educational institutions in the area or in commercial operations of like nature.

III. OBJECTIVES

The objectives of this compensation plan shall be as follows:

- To ensure that employees occupying positions, which are substantially similar to University classifications on campus are provided wages, salaries and benefits that are comparable to their University counterparts.
- To establish wages, salaries and benefits for positions that are not substantially similar to University positions that are competitive with the salaries and benefits being paid to comparable jobs in other educational institutions in the area or in commercial operations of like nature.

- To provide a wage and salary structure that is internally equitable and which ensures that positions with equal skill, effort, responsibility and working conditions receive equal pay.
- To facilitate the recruitment and retention of well-qualified employees for positions within the CPC.
- To maintain salary and benefit costs within budgetary limits established by the Board of Directors.

IV. WAGE AND SALARY COMPENSATION COMPONENT

A. Substantially Similar Positions

1. Substantially similar positions are assigned the same basic duties and responsibilities and have equivalent classification and qualification standards to those established by the California State University system.
2. The CPC Human Resources Director will periodically audit CPC positions to determine whether or not they are substantially similar to University positions. If it is determined that a position is substantially similar, the CPC shall establish a salary level for this position that is equivalent to a University classification.

B. Non-Substantially Similar Positions

1. A position is considered not substantially similar if the duties and responsibilities which it is assigned and/or the qualification standards for the classification to which it is allocated, are tangibly different from the classification and qualification standards of the California State University system.
2. The CPC Human Resources Director shall conduct biannual salary surveys to assist in establishing and/or adjusting the wage and salary ranges for positions, which are not substantially similar. The survey includes other commercial organizations and non-profit corporations within the California/San Luis Obispo area and/or auxiliary organizations within the California State University and University of California systems, which have positions that perform services that are comparable to the CPC's "non-substantially similar" positions.

C. Internally Equitable

The CPC will evaluate its internal wage and salary structure to ensure that positions with equal skill, effort, responsibility, market comparability and working conditions receive equal pay.

D. Merit Salary Adjustments

1. Non-management salary plan positions are eligible for periodic wage or salary adjustments based on merit within the range for their respective job classifications based on available funding. The employee's immediate supervisor prepares a performance evaluation to support any merit salary adjustment. Such adjustments are granted based on how well the employee met the performance standards for his/her position. Merit salary increases must be approved by the department head and the Human Resources Director. An employee is eligible for merit salary base adjustments or lump sum merit awards (after he/she reaches the maximum rate of the range for his/her job classification) in conjunction with the non-management performance evaluation program.
2. Management salary plan positions are eligible for periodic wage or salary adjustments based on merit within the range for their respective job classifications, based on available funding. The employee's immediate supervisor prepares a performance evaluation to support any merit salary adjustment. Such adjustments are granted based on how well the employee met the performance standards for his/her position. Merit salary increases must be approved by the department head, the Executive Director and the Human Resources Director. An employee is eligible for merit salary base adjustments/or lump sum merit awards (after he/she reaches the maximum rate of the range for his/her position) in conjunction with the management salary plan program.

E. Salary Grade Adjustments

Changes in an employee's level of responsibility can result in his/her position being assigned to a different salary range. If a position is assigned a higher salary range, the incumbent will normally have his/her rate adjusted to the minimum of the range or receive a 5% increase, whichever is greater. When a position is assigned to a lower salary range, his/her salary may be reduced to the top of the lower salary range or retained at the existing level for a specified period of time dependent upon the circumstances.

F. Overtime Compensation

1. Non-Exempt Positions

Overtime compensation for non-exempt employees will be administered pursuant to applicable state and federal wage and hour regulations.
2. Positions classified as exempt under the Fair Labor and Standards Act and the California Industrial Welfare Commission are not eligible for overtime compensation.

G. Shift Differential

1. Non-exempt employees who work the majority of their regularly scheduled shift between the hours of 6:00 p.m. and 6:00 a.m. shall receive additional compensation in terms of a shift differential. The shift differential rate is higher for employees who work the night shift (i.e., the majority of the work schedule is between their hours of midnight and 6:00 a.m.) than for evening shift employees (i.e., the majority of their work schedule is between the hours of 6:00 p.m. and midnight). Relief shift employees who work a variable schedule, which is divided between the day, evening or night-shift are paid on a prorated shift basis, based on the applicable rate for each shift worked.
2. Exempt positions are not eligible for shift differential.

V. BENEFITS COMPENSATION COMPONENT

As a matter of policy, the CPC provides a benefit package that is comparable (but not necessarily identical) to the benefits offered to the employees of the California State University System. The CPC Board reserves the right to add, change, delete or modify benefits at any time, and there is no guarantee that any benefit will be continued indefinitely.

VI. IMPLEMENTATION

Any changes to this policy must be approved by the Board of Directors. The CPC's Executive Director shall develop and implement guidelines to facilitate these programs. The Executive Director and department heads are responsible for ensuring that the policy is executed in a fair and equitable manner.