The University's total annual expenditure for compensation is a complex function of a number of factors, including the number of faculty and staff; the relative number of faculty and staff of different ranks or classifications, years of service, and status (e.g., full-time and part-time); fringe benefit rates; and the size of annual salary increases.

Salaries at the time of initial hire are determined primarily by market factors. What follows is a set of policy recommendations to provide a framework governing annual salary increases for faculty and staff, to be applied within the Planning and Budgeting System (PBS).

These recommendations provide some flexibility for particular units, within the context of policy decisions made centrally. The size of the total pool of funds for increases and the allocation of funds to particular responsibility centers are centrally determined. The distribution of funds to individuals within each unit, however, is to a significant degree left to local determination.

I. THE ANNUAL POOL OF FUNDS FOR SALARY INCREASES

Because faculty and staff are the University's most important resource, funding for compensation must receive a very high priority in the University's planning and budgeting. To assure competitiveness in attracting and retaining qualified and productive faculty, the University has set a goal of ensuring that average faculty salaries at the Pittsburgh campus are at or above the median (for each rank) of AAU universities; related goals have been established for faculty at the regional campuses and for faculty librarians. The University of Pittsburgh Compensation System for Staff establishes salary ranges aimed at maintaining competitiveness in attracting and retaining qualified and productive staff.

The size of the total pool of funds for salary increases is determined as part of the annual operating budget by the Chancellor, with the active participation of the University Planning and Budgeting Committee (UPBC), and subject to approval by the Board of Trustees.

The total pool for salary increases has the following four components: 1) maintenance of real salary; 2) merit increases; 3) equity adjustments; and 4) market adjustments.

The portion of the total pool devoted to each of the four components is determined by the Chancellor, with the active participation of the UPBC, in response to needs for each purpose identified through the planning and budgeting system. The size of the total pool for increases should be sufficiently large to provide adequate funds for all four purposes.

II. ALLOCATION OF SALARY INCREASE FUNDS TO RESPONSIBILITY CENTERS

Funds for salary increases are allocated to responsibility centers on a uniform percentage basis for maintenance of real salary and for merit, and differentially for equity and market increases, based on demonstrated needs, documented in accordance with procedures established within the planning and budgeting system.

Maintenance of Real Salary

1. Each unit will be allocated funds from the total pool to ensure the maintenance of real salary of each faculty or staff member performing satisfactorily.

2. The amount for maintenance of real salary allocated to each unit will be equal to the salaries of all faculty and staff in that unit times the percentage of the previous calendar
year’s increase in the Consumer Price Index (CPI-W). Any modification of this percentage must be determined by the Chancellor, with the active participation of the UPBC.

**Merit**

1. Each unit will be allocated funds from the merit component of the total pool, to assure that every faculty or staff member whose performance is judged meritorious receives a merit increase in salary.

2. The amount for merit increases allocated to each unit will be a set percentage (the same for all units) times the salaries of all faculty and staff in that unit. The percentage is determined by the Chancellor, with the active participation of the UPBC.

**Equity**

1. A systematic analysis should be undertaken to determine where and to what extent salary inequities exist (such as salary compression or differentials attributable solely to gender, race, or other inappropriate factors), and funds should be allocated each year to units where inequities are documented until they are removed.

2. Funds for equity adjustments to specific units are allocated by the Chancellor, with the active participation of the UPBC, in response to needs identified through the systematic analysis described above.

**Market**

1. Funds from the market component of the total pool are allocated to specific units by the Chancellor, with the active participation of the UPBC, on the basis of documented needs. Consideration might be given, for example, to school and departmental rankings in national salary profiles and to shifts in relative rankings of staff salaries in income profiles for various professional and technical personnel, both in Pittsburgh and in higher education generally.

2. A portion of the market component of the total pool will be placed in reserve for discretionary use by the Provost or the appropriate senior vice chancellor, to retain individual faculty and staff.

**III. DISTRIBUTION OF SALARY INCREASES TO INDIVIDUALS WITHIN UNITS**

The salary increase received by each individual will become part of his or her base contract salary in subsequent years.

**Maintenance of Real Salary**

1. Each faculty or staff member performing satisfactorily will receive a percentage increase of the size determined for that year for maintenance of real salary.

2. For faculty, satisfactory performance is defined as having fulfilled the "common responsibilities" of faculty as articulated in the 1988 *Handbook for Faculty*: The role of individual faculty members in supporting the mission of the University will depend on the specific missions of their departments or schools. All faculty members, however, have certain common responsibilities: to commit themselves fully to their teaching obligations, to meet all of their classes as scheduled, to be available during specified office hours for consultation with students, to evaluate student performance promptly and fairly, to participate in the development of the programs of their departments and schools and of the University as a whole, to engage in scholarly activities, and, as appropriate, to support the University in its goal to render public service. (p. 42)

Criteria for satisfactory performance may be further specified for particular units, as jointly determined by the faculty and the head of the unit through collegial processes.
3. For staff, satisfactory performance is defined as an Overall Rating of "Meets standards" on the Staff Performance Appraisal, indicating: "Work is fully satisfactory; employee consistently meets and occasionally may exceed performance standards."

**Merit**

1. For faculty, judgments of relative merit within a department or school should be made in accordance with explicit, written criteria and procedures determined jointly by the faculty and the head of the unit. Criteria should reflect the specific mission of the unit, and should recognize performance of high quality in teaching and service as well as in scholarship or research.

2. For staff, meritorious performance is defined as an Overall Rating of "Often" or "Consistently" "Beyond Standards," indicating: "Work performance often or consistently exceeds performance standards."

3. A responsibility center may decide that promotion should be accompanied by a related increase in salary, in addition to any other merit increase awarded in the year of promotion. Each responsibility center must have explicit written policies regarding promotion increases for faculty and staff.

**Equity**

1. Funds allocated to a unit for reasons of equity must be distributed among individuals in such a way as to address appropriately the inequities identified.

**Market**

1. Funds allocated to a unit for market considerations are distributed among individuals at the discretion of the head of the unit.

**IV. NOTIFICATION OF SALARY INCREASES**

At the time of notification of salary for the coming year, each continuing faculty or staff member will be informed in writing of the basis for his or her individual salary increase. Persons whose performance has been judged unsatisfactory must be informed of the specific reasons for that judgment.

**V. RECONSIDERATION OF SALARY DECISIONS**

Procedures should be developed within each responsibility center through which individual faculty and staff members can request reconsideration of decisions related to aspects of their salaries.

**VI. SCOPE**

This policy applies to contract salaries of all full-time faculty and part-time tenure-stream and tenured faculty, including faculty librarians, except for those in the School of Medicine, and to all regular full-time and part-time staff not covered by collective bargaining agreements. It does not include summer-term or overload payments paid to full-time faculty, or salaries of part-time non-tenure-stream faculty or part-time faculty librarians.

**VII. OVERSIGHT**

The Senate Budget Policies Committee and the Staff Association Council, in consultation with the Provost and the appropriate senior vice chancellor, will monitor the implementation of this policy and report on that implementation annually to the University Senate and the Staff Association Council.