April 18, 2023

Dear Colleagues,

In June, President Capilouto will be proposing to the Board of Trustees a FY 2023-24 Salary Plan in alignment with our goal of recognizing faculty and staff contributions. This is the second year of a multi-year strategy, which supports our goal of an overall compensation system that is externally competitive and internally consistent. This approach also provides more flexibility to managers regarding salary adjustments as the best decisions are made at the unit level.

From an initial review of the first year of this effort, we believe the initiative was very successful. In short, we believe we are making progress toward:

- Easing compression in departments throughout the university.
- Creating positive movement in pay at lower grade levels.
- And ensuring more of our staff are now above the mid-point in their pay grade.

All are positive indications that this effort is doing what it is designed to do by providing leaders with the tools and flexibility they need to make decisions that are in the best interests of team members and the institution.

The FY 2023-24 Salary Plan applies to all eligible faculty and staff at the university, excluding UK HealthCare (UKHC) employees (Personnel Area = 1500) as UKHC operates on a separate salary review cycle. Pending Board of Trustees approval, the salary plan is effective July 1, 2023, and includes a salary increase pool of $12.5 million, including benefits, for eligible faculty and staff funded with central funds (i.e., undesignated general funds). Equivalent pools will be established for eligible faculty and staff funded with designated general funds, restricted funds and auxiliary funds. The salary plan also includes a 1.0 percent increase in the staff salary scales (pay grade ranges).

The FY 2023-24 Salary Plan Guidelines, including a summary of the plan, is attached. The accompanying guidelines describe the eligibility requirements and process for awarding the salary increase pools and salary scales.

We greatly appreciate the outstanding work faculty and staff do on behalf of the University of Kentucky.

Sincerely,

Eric N. Monday
Executive Vice President for Finance and Administration

Robert DiPaola
Provost

Attachment

C: President Eli Capilouto
University of Kentucky
FY 2023-24 Salary Plan Summary
(Excluding UK HealthCare)

Similar to last year, UK will implement salary increases in a manner that gives leaders and supervisors flexibility in creatively allocating additional salary funds.

One of the principles of our strategic plan is "Taking Care of our People." That includes how we compensate our faculty and staff for their contributions. By entrusting salary increase decisions with those who are best positioned to know their college and units' needs, we can use additional salary funds most effectively.

The salary increase, defined by the FY 2023-24 Salary Plan Guidelines for all eligible faculty and staff, may be awarded as college and division leaders deem appropriate, working within available funds.

There are many factors which can inform how the salary increase pools are allocated, such as:
- High performance
- An individual's salary relevant to the market range
- Current salary position within pay grade relative to amount of experience
- Compression easing
- Retention efforts
- Salaries of others in similar positions

This salary allocation process empowers managers and leaders to recognize and reward strong performance while also taking into consideration external market factors. Below are some considerations for allocating the funds for salary increases.

High performance
A salary increase is one visible way to recognize and reward employees who have demonstrated very high skills, knowledge and abilities. The annual performance evaluation score may be one point of information in determining high performance. Other department metrics or observations should also play a role as well.

Market salary range
HR Compensation will share salary market data. If data shows salaries at other organizations are higher than those at UK for a position, leaders may decide to use this year's salary increase toward offering market-competitive compensation.

Salary position within pay grade
Each pay grade at UK comes with a minimum and a maximum salary. Salary funds can be used to increase the salary within the pay grade for an employee with more experience and education.

Compression easing
Salary compression can occur over time when less-experienced employees are hired at a salary close to those who have more experience. These funds could be used to increase the salary of more experienced employees and reduce that compression.

Retention efforts
Retention is our best recruitment strategy. Current dynamics in the labor market nationwide have shown the value of retaining our current employees.

Salaries for similar positions at UK
UK strives for pay consistency for individuals who are in similar positions and have similar performance, grade levels, levels of education and experience.
University of Kentucky  
FY 2023-24 Salary Plan Guidelines  
FACULTY AND STAFF  
(Excluding UK HealthCare)  
Effective July 1, 2023

Overview

1. A salary pool totaling approximately $12.5 million, including benefits, is to be allocated to eligible employees funded with undesignated general funds (FCC = S, M, and N). Equivalent pools will be established for eligible faculty and staff funded with designated general funds, restricted funds and auxiliary funds.

2. The salary pools may not be augmented regardless of fund source.

3. Salary increases will be effective July 1, 2023.

4. These guidelines apply to campus faculty and staff. UK HealthCare operates on a separate budget cycle and UKHC will communicate salary increase plans at a later date. A UK HealthCare employee is defined as anyone whose personnel area in the employee enterprise structure was equal to 1500 at the time of allocating the salary increase pools.

5. The current salary scales will increase one percent, as reflected in attachments I and II. All regular staff shall be paid at least the revised minimum of the salary scales, as applicable. An additional pool of funds is to be used for salary scale adjustments. The salary scale adjustments are not to be funded from the salary raise pool.

6. Do not distribute FY 2023-24 salary letters to faculty or staff until notified by the appropriate Area Fiscal Officer.

Eligibility

1. To be eligible to receive a salary increase, regardless of fund source, faculty and staff must:
   - have held a regular position as of February 3, 2023
   - not currently be on a phased retirement appointment
   - be in a regular position at the time the allocation is made during the budget process (Personnel Subareas = 0001 – 0005)
   - not be considered a UK HealthCare (UKHC) employee (Personnel Area = 1500) at the time of the salary pool allocation

2. Regular faculty and staff on military or other federally protected leave are eligible for a salary increase.
University of Kentucky
FY 2023-24 Salary Plan Guidelines

FACULTY AND STAFF
(Excluding UK HealthCare)
Effective July 1, 2023

Eligibility (continued)

3. Faculty and staff must have demonstrated at least satisfactory work performance for the 2022 calendar year as measured by the performance evaluation score or other indicator(s) to receive a salary increase. For example, staff must have demonstrated at least satisfactory work performance for the 2022 calendar year as measured by a performance evaluation score greater than or equal to 2.0.

4. Faculty and staff with no documented performance score or indicator(s) for the 2022 calendar year are eligible for a salary increase if their performance was deemed at least satisfactory by the department or unit head.

Operational Considerations

1. Members of the President’s Cabinet will be assigned a pool of dollars for salary increases proportionate to each division’s percentage of the total salaries at the university. The salary increase pools will be further delineated by fund source. The Cabinet members will allocate the salary increase pools to their colleges and/or units as they deem appropriate. Following is a list of the Cabinet members and the applicable Area and Area Fiscal Officer:

<table>
<thead>
<tr>
<th>Member</th>
<th>Division</th>
<th>Area</th>
<th>Area Fiscal Officer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eric N. Monday</td>
<td>Finance and Administration</td>
<td>EVPFA</td>
<td>Brad West</td>
</tr>
<tr>
<td>Katrice Albert</td>
<td>Institutional Diversity</td>
<td>President</td>
<td>Brad West</td>
</tr>
<tr>
<td>Mitch Barnhart</td>
<td>Intercollegiate Athletics</td>
<td>President</td>
<td>Brad West</td>
</tr>
<tr>
<td>Joe Reed</td>
<td>Internal Audit</td>
<td>President</td>
<td>Brad West</td>
</tr>
<tr>
<td>Bill Thro</td>
<td>Legal Counsel</td>
<td>President</td>
<td>Brad West</td>
</tr>
<tr>
<td>Eli Capilouto</td>
<td>Office of the President</td>
<td>President</td>
<td>Brad West</td>
</tr>
<tr>
<td>Thomas W. Harris</td>
<td>Philanthropy</td>
<td>President</td>
<td>Brad West</td>
</tr>
<tr>
<td>Robert S. DiPaola</td>
<td>Provost</td>
<td>Provost</td>
<td>Kristen Chesser</td>
</tr>
<tr>
<td>Lisa Cassis</td>
<td>Research</td>
<td>Research</td>
<td>Judy Duncan</td>
</tr>
<tr>
<td>Kirsten Turner</td>
<td>Student Success</td>
<td>President</td>
<td>Brad West</td>
</tr>
</tbody>
</table>

2. Salary increase pools for positions funded with undesignated general funds (coded as FCC = S, M or N) will be funded centrally. Funding of the salary increase pools for positions funded from funding sources other than FCC = S, M or N must be identified and allocated within the college or unit. The salary increase pool amount for undesignated general fund positions will be used to determine the proportionate salary increase pool amount for all other funding sources.
Operational Considerations (continued)

3. Allocation of the salary increase pools to employees will be determined at the discretion of the dean or unit manager. The allocation may be informed by multiple factors including, but not limited to, performance, compression, retention risk, identified market changes, salary position within pay grade and/or salaries for similar positions at UK.

4. The salary scale adjustments shall be applied first. If applicable, the salary rate for any staff employee shall first be increased to the FY 2023-24 minimum salary scale.

5. Eligible faculty and staff with satisfactory performance for the 2022 calendar year may receive a salary increase as determined by the dean or unit manager. Faculty and staff with unsatisfactory performance may be awarded zero salary increase.

6. The salary increase shall be based on the eligible faculty and staff’s salary in effect on February 3, 2023. For any eligible faculty or staff whose base salary changed on or after February 4, 2023, the salary increase amount shall be based on the faculty or staff’s base salary in effect on February 3, 2023, and then added to the employee’s current base salary to determine their new base salary.

7. Promotions for faculty holding positions funded with undesignated general funds (coded as FCC = S, M or N) will be funded from a separate pool of funds provided to the Areas. Salary adjustments for faculty promotions shall be added to the applicable faculty’s salary effective July 1, 2023.

8. The full amount of the salary increase pools must be distributed to eligible faculty and staff through this process. None of the salary increase pools may be held in reserve or used to support other costs.

9. In rare cases whereby funds for salary increases are not available from the position’s current fund source, other funds must be identified. Lack of funding from a position’s original funding source cannot prevent awarding a salary increase to eligible faculty or staff or scale adjustment to staff. For example, a faculty member appointed to an endowed chair or professorship has a portion of their current salary and benefits funded from the endowment spending distribution. If there is insufficient recurring funding from the endowment to fund the proportionate salary and benefit cost increases, other fund sources must be identified.
University of Kentucky
FY 2023-24 Salary Plan Guidelines
FACULTY AND STAFF
(Excluding UK HealthCare)
Effective July 1, 2023

Process

1. The salary increases will be entered into the university’s budget system, Axiom, using the appropriate Axiom screens.

2. Salary increases related to faculty promotions shall be entered into Axiom with the salary reason code of “Promotion”.