

## OFFICE OF THE CHANCELLOR

To: USM Presidents  
FROM: Jay A. Perman, Chancellor   
DATE: July 6, 2020  
RE: FY 2021 USM Compensation Guidelines

*I. Introduction*

The General Assembly completed the 2020 legislative session, which was cut short by three weeks as a result of the COVID-19 pandemic. As a result, I can now provide guidelines for the compensation of faculty and staff members of the University System of Maryland (USM) in Fiscal Year 2021. The FY 2021 budget includes a 2.0% Cost of Living Adjustment on January 1, 2021 but does not provide for merit increases. Recognizing the economic impact of the COVID-19 pandemic, we expect that the FY 2021 budget will be subject to future reductions. These reductions could affect the 2.0% COLA. Following are tools that are available to manage compensation:

- The General Assembly has placed no restrictions on the ability of institutions to provide for retention, equity and other necessary increases to faculty and staff during the coming fiscal year. Based on the economic forecast, these adjustments should be made judiciously.
- The biennial exempt salary structures currently in effect will continue unchanged, at least through the end of calendar year 2020. A recommended adjustment to those structures may be considered by the Board at the end of the calendar year if there is reliable data available showing an expected increase in relevant salary structures nationally that considers the economic effects of the pandemic on such structures.
- The Board of Regents issued a resolution authorizing institution presidents to implement employee furlough or salary reduction plans following the Chancellor's advance review of the plan. All plans must meet the conditions set forth in the resolution.

The following guidelines take effect July 1, 2020 and will continue through the fiscal year. They are intended to implement the State Budget requirements related to employee compensation that will arise in FY 2021. Each President may establish institutional guidelines consistent with this document and related USM policies to ensure their

appropriate administration on their campus and to address compensation processes, issues or collective bargaining requirements specific to your institution.

## *II. Scope*

These guidelines apply to all USM Faculty and Staff employees in Regular or Contingent I or II status, regardless of the source of funding for the employee's position. The only categories of compensated individuals exempted from these guidelines are adjunct faculty, graduate assistants, fellows, post-docs and student employees, unless otherwise noted.

Provisions of applicable collective bargaining agreements may supersede these guidelines for those employees covered by such agreements.

## *III. Guidelines*

### A. Merit Increases

Neither merit nor other increases to base pay for performance or tenure are authorized.

### B. Cost of Living Adjustment

As stated previously, all regular USM faculty and staff are currently expected to receive a 2.0% cost of living increase on January 1, 2021, but there is significant concern that this increase may be affected by state-wide budget reductions. Institutions may elect to provide a COLA to contractual faculty and contingent staff employees as a matter of institution discretion.

### C. Salary Structures

1. Exempt Staff Salary Structures: As mentioned above, the current structures will remain in place until at least December 31, 2020.
2. Nonexempt Staff Salary Structure: The current structure will remain in place.

### D. Minimum Wage

The minimum wage for Maryland workers will increase to \$11.75 per hour starting January 1, 2021. The minimum wage applies to all USM employees, including student employees and general assistants.

### E. Other Types of Compensation Increases Not Restricted by the Guidelines.

The following types of compensation increases should be thoughtfully implemented only after full consideration of potential future budgetary restrictions, loss of revenue, and additional costs resulting from the COVID-19 pandemic:

1. Retention (to be used judiciously when necessary to retain a difficult-to-replace employee).
3. Equity Increases (e.g., increases required to comply with federal and state equal opportunity employment laws and federal immigration laws).

4. Reclassifications.
5. Promotions.
6. Payment for Additional Duties (e.g., summer and winter term teaching, overload teaching, on-call or clinical coverage, and temporary service in an acting capacity).
7. Established Institution Awards (including Board of Regents awards for staff and faculty, and institution service awards).
8. Contract Renewal Increases.
9. Non-Cumulative Cash Bonuses.

An institution may award a non-cumulative cash bonus as described in BOR Policy VII-9.11, Policy on Pay Administration for Exempt Positions, Section III. K., and BOR Policy VII-9.20, Policy on Pay Administration for Regular Nonexempt Staff Employees, Section XVI. Your recommendations for bonus eligibility and the bonus pool amounts available at your institution are to be sent to me for approval before July 1, 2020.

10. Non-Salary Taxable Compensation.

Increases in non-salary taxable compensation (e.g., housing and car allowances, and deferred compensation contributions) authorized by the President and approved in advance by the Chancellor.

11. Any other salary increase permitted by Board of Regents policy that is not prohibited by this memorandum.

F. Other Salary Adjustments.

Other compensation increases generally should not be made during the fiscal year.

*IV. Required Reports*

The following reports are required in FY 2021 and should be sent to HR Officer Tom Hoffacker in the USM Office no later than Monday, July 13, 2020, unless otherwise stated:

A. President's Affirmation Letter.

Affirms that the compensation actions taken for FY 2021 are consistent with the guidelines established herein and affirms that contracts are handled appropriately as stated in USM Policy VII-10.0, Policy on Board of Regents Review of Certain Contracts and Employment Agreements.

B. Updated List of Institution Key Staff Employees.

This must include, at a minimum, institution officers, direct reports to the President, and individuals whose contracts or other compensation agreements fall under the USM Policy VII-10.0, Policy on Board of Regents Review of Certain Contracts and

Employment Agreements and must contain compensation data for FY 2020 and FY 2021.

C. Report of Significant Salary Adjustments. Provides details of Regular faculty and staff employee salary adjustments, to include:

1. Any single increase of 10% or more, including promotions and reclassifications; and
2. Other adjustments to base pay that result in a cumulative compensation increase of 10% or more and 15% or more from July 1, 2020 to June 30, 2021.

This report will be due on Friday, July 17, 2021. The report should exclude changes to FTE unless the change in pay is not in proportion to the change in FTE.

Suggested reporting formats for each of these reports, an affirmation letter template, and other guidance will be provided to the SHRC. If you have any questions regarding these guidelines and reporting requirements, please contact Tom Hoffacker via email at [thoffacker@usmd.edu](mailto:thoffacker@usmd.edu). Thank you.

cc:	Ellen Herbst	Carolyn Skolnik
	Vice Chancellors	Tom Hoffacker
	Vice Presidents for Administration and Finance	Lorri McMann
	Provosts and Chief Academic Affairs Officers	Monica West
	Systemwide Human Resources Committee (SHRC)	

**RESOLUTION OF THE BOARD OF REGENTS OF THE UNIVERSITY SYSTEM OF MARYLAND  
AUTHORIZING FURLOUGHS AND TEMPORARY SALARY REDUCTIONS OF EMPLOYEES for FY 2021**

(Approved by the Board of Regents, June 19, 2020)

**WHEREAS**, the COVID-19 pandemic has had a devastating impact on our state and national economies; and

**WHEREAS**, the University System of Maryland (USM) is among virtually every organization, public and private, undertaking difficult decisions in the face of this financial crisis; and

**WHEREAS**, the crisis in the national economy and the economy of the State of Maryland due to the COVID-19 pandemic has required budget cutbacks across State government, including the institutions of the University System of Maryland (USM), and is expected to result in future fiscal constraints; and

**WHEREAS**, the USM institutions have incurred additional costs and experienced a loss of revenue related to the COVID-19 pandemic and expect those costs and losses to continue during Fiscal Year 2021;

**WHEREAS**, the USM and its institutions are preparing to take a range of actions to reduce costs in response to this economic crisis; and

**WHEREAS**, the responsibility of the Board of Regents for the governance of the USM includes the establishment of personnel policies under Annotated Code of Maryland, Education Article, Sections 12-110 and 12-111; and

**WHEREAS**, the Board of Regents has determined that it is in the best interest of the USM Office, the USM institutions, and the USM Regional Higher Education Centers to have available the option to take one or more actions, including personnel actions such as furloughs, temporary salary reductions, or equivalent salary-related measures, to assist in their efforts to achieve the USM's expected budget reduction and to address additional costs and loss of revenue due to the COVID-19 pandemic; and

**WHEREAS**, the Board of Regents regrets that such measures are necessary at this time;

**NOW, THEREFORE, BE IT RESOLVED THAT** the Board of Regents authorizes the Presidents of the USM institutions, with the review of the Chancellor, in consultation with appropriate employee organizations, and the Chancellor on behalf of the employees in the USM Office, to develop and implement an institution or USM Office furlough or temporary salary reduction plan for Fiscal Year 2021 (the "Plan") for their institution, consistent with the following principles:

- A. The Plan may allow for the institution to close for a number of days in order to partially meet its necessary budget reduction targets or to address costs and losses of revenue related to the pandemic; however, an institution must ensure the continuation of essential services with minimum disruption to the institution, particularly with respect to the maintenance of class schedules, essential student services and institution patient care activities;
- B. If a furlough plan is implemented, accrued annual, holiday or personal leave may be used if an institution's number of closure days exceeds the number of target furlough days for an employee. Otherwise, no annual, holiday or personal leave may be used in lieu of a period of furlough;
- C. If a salary reduction plan is implemented, no accrued annual, holiday or personal leave may be used by the employee in lieu of the assigned salary reduction.
- D. No overtime or compensatory time may be granted to compensate for the loss of services of furloughed employees under the Plan;
- E. Under federal law, employees may not report to work, either at the worksite or remotely, on a furlough day, except in the event of an emergency;
- F. There will be no reduction of employment benefits, including retirement, health or leave benefits as a result of implementation of the Plan unless required by federal or Maryland law; and
- G. The Plan may allow for exclusion of certain individuals as required by law or institutional needs.

**BE IT FURTHER RESOLVED THAT** any furlough/temporary salary reduction plan developed by an institution shall be submitted to the Chancellor for advance review and shall:

- A. Reflect the best interests of the institution, taking into account the impact on faculty and staff;
- B. Be developed in consultation with appropriate employee organizations and consistent with shared governance principles;
- C. Achieve savings in an amount that contributes to the institution's financial stability;
- D. Address the financial impact of furloughs and temporary salary reductions on USM employees by taking employee compensation levels into account in establishing the numbers of furlough days or temporary salary reduction amounts required by the Plan;

E. Provide that any temporary salary reductions do not extend past the end of FY 2021.

**BE IT FINALLY RESOLVED THAT** the Plan shall include any implementation procedures deemed necessary by the Chancellor and shall be implemented within the schedule set forth in the Plan.