



# DUKE UNIVERSITY HEALTH SYSTEM PAY ADMINISTRATION RESOURCE GUIDE

## OBJECTIVE

The objective of this resource guide is to:

- Provide DUHS supervisors with guidance for the administration of pay.
- Facilitate an understanding of pay and classification principles and practices, and procedures used by Duke University Health System.
- Assist human resource staff and supervisors in applying DUHS pay policies.
- Show pay issues are dynamic, and they may be affected by organizational or other human resource policies. This resource guide is most effective when used in concert with all related requirements and resources.

## SCOPE OF THIS RESOURCE GUIDE

The contents of this resource guide are limited to those policies, procedures and processes related to the pay of DUHS staff members. Policies and procedures affecting staff benefits, payroll and other personnel policies may be found on the HR website ([www.hr.duke.edu](http://www.hr.duke.edu)).

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# **SECTION ONE: DUHS PAY ADMINISTRATION AND STRUCTURE**

## **OVERVIEW: PAY ADMINISTRATION**

Duke administers compensation policies and programs that reflect and support the value of job duties and responsibilities (job evaluation), competitive and equitable pay (based on like duties and responsibilities and comparability of backgrounds) and future pay growth (based on available resources and performance contributions).

Duke's pay administration policies and programs will be administered without regard to race, color, religion, national origin, disability, veteran status, sexual orientation, sexual preference or age, and are not intended to imply continued employment and/or specific compensation levels for the organization's staff members.

### **PAY ADMINISTRATION RESPONSIBILITY**

Duke's pay administration policies and programs, as well as any modifications made thereto, are approved by Duke senior leadership based on the recommendation of the Vice President of Human Resources for Duke University and the Chief Human Resources Officer for DUHS.

Each supervisor is responsible for the effective administration of pay administration policies and the equitable and fair distribution of pay resources. To that end, each supervisor is responsible for:

- Ensuring each staff member's job description reflects current responsibilities, essential functions and minimum qualifications. A regular review of the job description, no less frequently than annually, should occur by the supervisor to ensure an up-to-date description.
- Monitoring and analyzing pay relationships within the work group to ensure fair and consistent pay administration, according to Duke policies. Assistance is available from the Rewards and Recognition division of Human Resources to plan and conduct regular analyses.
- Regularly communicating with staff members regarding how their pay is determined and respective goals and outcomes for determining a growth.

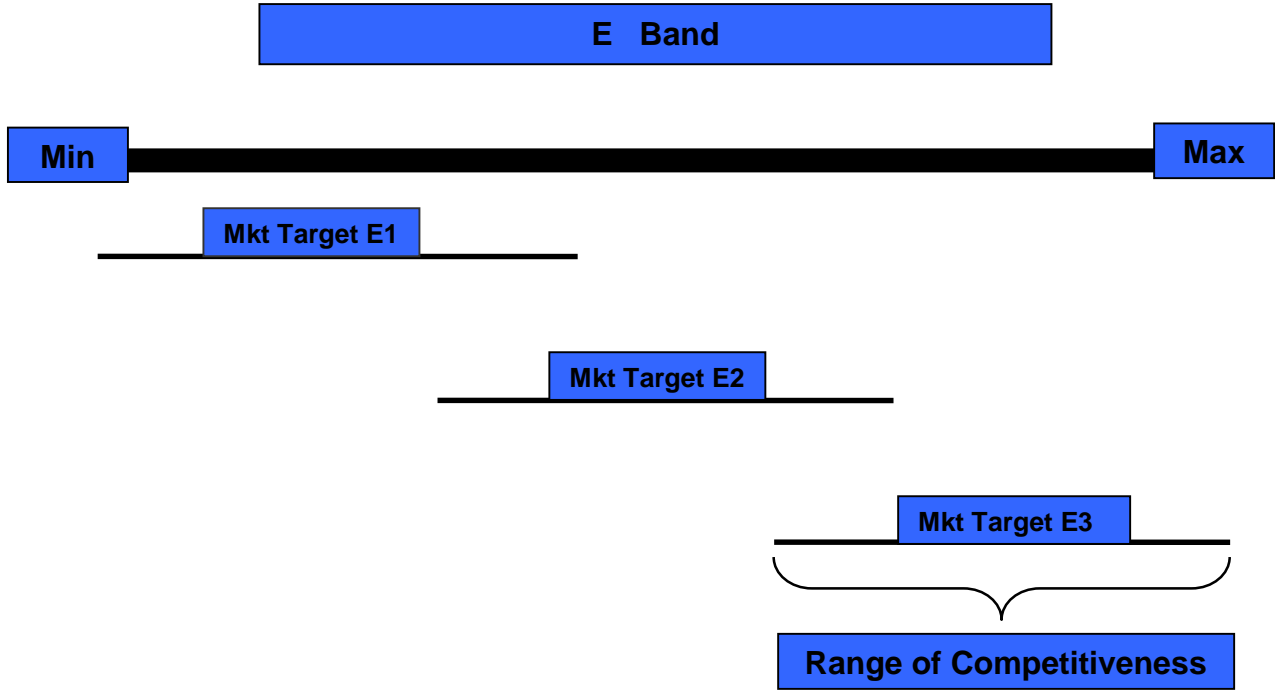
### **PAY STRUCTURE**

Pay bands are established based on competitive pay practices and are designed to establish the range of salaries that will be paid for respective jobs within the bands. Rewards and Recognition evaluates the external pay rates of benchmark jobs annually through surveys to establish competitive rates of pay. The bands are reviewed for appropriateness and revised to meet the objective of remaining competitive with the market. Compensation trends in the market and external economic factors (such as the Consumer Price Index and unemployment rates) and internal economic factors (such as ability to pay) are also taken into consideration when establishing annual pay and structure recommendations.

### **PAY STRUCTURE FEATURES (BROADBAND)**

- Maintains a pay structure that consists of 13 broadbands. The current broadband ranges can be found on the HR website at: <http://www.hr.duke.edu/compensation/index.php>
- There is a 100% spread between the minimum and maximum of each broadband.
- A market target is what the market generally recognizes as competitive pay for a highly experienced person (market median).
- Each broadband has three market targets.
- Every job within a band is assigned to one of the three targets based on the market median for the work being performed.
- Each market target has a range of competitiveness defined as 80% of the market target to 120% of the market target. Generally, this range of competitiveness is similar to the traditional pay range minimum and maximum.
- A graphic example follows illustrating a broadband with the three market targets, the range of competitiveness and examples of classifications within the band.

**PAY STRUCTURE EXAMPLE (BROADBAND)**



**Examples of E Band Jobs in the Three Market Targets**

Job Title	Market Target	Job Title	Market Target	Job Title	Market Target
CLINICAL NURSE I	1	CLINICAL NURSE II	2	BIOMEDICAL EQUIPMENT SPECIALIST	3
PROGRAM COORDINATOR	1	ADMINISTRATIVE COORDINATOR	2	ELECTRICIAN FOREMAN	3
CLINICAL DIETITICIAN	1				

## FREQUENTLY ASKED QUESTIONS: DUHS PAY ADMINISTRATION AND STRUCTURE

Question	Answer
<b>WHAT ARE THE OBJECTIVES OF THE DUHS PAY SYSTEM?</b>	<ul style="list-style-type: none"> <li>➤ The Health System objectives for the pay system are: (1) a system-wide pay structure to recognize work being performed; (2) ease of communication and understanding by managers and staff; (3) consistency in methodology for determining eligibility for pay; and (4) consistency in system's configuration.</li> </ul>
<b>WHAT ARE THE BENEFITS OF A BROADBANDED STRUCTURE?</b>	<ul style="list-style-type: none"> <li>➤ It is a simpler structure with fewer salary levels.</li> <li>➤ It enables salary growth through professional development within the band without the need to reclassify jobs.</li> <li>➤ It supports managers in hiring, transferring, and managing performance by establishing a single consistent structure and set of pay policies.</li> </ul>
<b>WHAT ARE THE KEY ELEMENTS OF THE DUHS PAY STRUCTURE?</b>	<ul style="list-style-type: none"> <li>➤ Consistent pay philosophy throughout the Health System.</li> <li>➤ A system-wide structure consisting of pay bands, in order to promote consistency across the Health System.</li> <li>➤ The recognition of growth and development within a pay band.</li> <li>➤ Common pay policies with uniform approach to premiums, differentials, etc.</li> <li>➤ Tight linkage to performance; Health System, entity and department goals drive individual expected job results and behaviors.</li> <li>➤ Managers may be involved in salary setting and will need to exercise discipline and involve their supervisor in salary decisions (consistent with entity business processes for salary review and approval).</li> </ul>
<b>ARE HEALTH SYSTEM STAFF MEMBERS COVERED BY A BARGAINING UNIT CONTRACT INCLUDED IN THE BROADBANDED STRUCTURE?</b>	<ul style="list-style-type: none"> <li>➤ No. Health System staff members with bargaining unit job titles are governed by their bargaining unit's contract.</li> </ul>
<b>WHO IS RESPONSIBLE FOR ENSURING THAT MY TITLE IS CORRECT AND I AM PAID APPROPRIATELY?</b>	<p>Each supervisor is responsible for the effective administration of pay administration policies and the equitable and fair distribution of pay resources. To that end, each supervisor is responsible for:</p> <ul style="list-style-type: none"> <li>➤ Ensuring each staff member's job description reflects current responsibilities, essential functions and minimum qualifications. A regular review of the job description, no less frequently than annually, should occur by the supervisor to ensure an up-to-date description.</li> <li>➤ Monitoring and analyzing pay relationships within the work group to ensure fair and consistent pay administration, according to Duke policies. The Rewards and Recognition division of Human Resources may assist the entity HR offices to plan and conduct regular analyses.</li> </ul>

	<ul style="list-style-type: none"> <li>➤ Regularly communicating with staff members regarding how their pay is determined and respective goals and outcomes for determining salary growth.</li> </ul>
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<p><b>WHAT IS BROADBANDING?</b></p>	<ul style="list-style-type: none"> <li>➤ Broadbanding is the consolidation of a traditional pay structure, consisting of many narrow pay ranges into a few, wider ranges or bands.</li> <li>➤ Each "broadband" has multiple types of jobs which though functionally may be different, have comparable levels of responsibility and comparable pay relationships to the relevant competitive labor markets.</li> <li>➤ The broadbands have a spread of 100% between the minimum and maximum of the pay band, which enables salary growth through professional development within the band without the need to reclassify jobs.</li> </ul>
<p><b>WHAT IS A MARKET TARGET?</b></p>	<ul style="list-style-type: none"> <li>➤ A market target is what the market generally recognizes as competitive pay for a highly experienced person.</li> <li>➤ Each band has three market targets.</li> <li>➤ Each job within a band is placed into one of the three market targets based on specific work requirements and the knowledge, skill and competency differences needed to execute the work in combination with the market median of the job in the relevant labor market.</li> </ul>
<p><b>WHAT IS THE "RANGE OF COMPETITIVENESS"?</b></p>	<ul style="list-style-type: none"> <li>➤ Similar to a pay range, the range of competitiveness provides a minimum and a maximum rate of pay for a particular job which is at 80% of the market target and 120% of the market target, respectively.</li> <li>➤ Staff members may be paid below or above the range of competitiveness as long as the rate is not below the band minimum or above the band maximum.</li> <li>➤ Specific written justification may be needed to pay a staff member above the maximum of the range of competitiveness (refer to your entity business process for salary review and approval requirements).</li> </ul>
<p><b>HOW DO THE PAY BANDS AND MARKET TARGETS ALIGN WITH THE JOB MARKET?</b></p>	<ul style="list-style-type: none"> <li>➤ The market median for "benchmark" positions is matched to the market targets within each of the 13 pay bands. Compensation surveys are used to determine what other organizations pay for positions similar to DUHS. Rewards and Recognition participates in compensation surveys that provide competitive base salary and total compensation information on "benchmark" positions.</li> <li>➤ "Benchmark" positions are positions that exist in most organizations, have substantially similar duties and responsibilities and require similar knowledge and skill to those at DUHS.</li> </ul>
<p><b>WHAT IS THE JOB MARKET?</b></p>	<ul style="list-style-type: none"> <li>➤ The job market is defined as the geographic location and the specific industry sector from which DUHS recruits talent and to which we lose talent.</li> <li>➤ The geographic location can be local, regional, or national.</li> <li>➤ The industry can be all or specific, such as, health care, medical centers, and/or academic.</li> <li>➤ The size of organizations may also be a factor, such as, the number of FTE's, revenue size, and number of beds.</li> </ul>

<b>WHY DOES A BAND HAVE JOB TITLES FROM DIFFERENT OCCUPATIONAL GROUPS (NURSING, ACCOUNTING, TECHNICAL, ETC.)?</b>	<ul style="list-style-type: none"> <li>➤ The pay in the market (market median) is comparable for the jobs which would place the job in the same pay band and market target.</li> <li>➤ Rather than create separate pay ranges, the jobs can be consolidated into one band.</li> </ul>
<b>WHAT ARE THE PERCENT SPREADS WITHIN A BROADBAND?</b>	<ul style="list-style-type: none"> <li>➤ From the minimum of the pay band to the first market target is 20%.</li> <li>➤ From the first market target to the second market target, and the second market target to the third market target, the spread is 15%.</li> <li>➤ From the third market target to the maximum of the pay band is 20%.</li> </ul>
<b>WHY ARE THE SPREADS OF THE BROADBAND AND THE MARKET TARGETS DIFFERENT?</b>	<ul style="list-style-type: none"> <li>➤ The structure was designed to provide fewer pay bands to accommodate multiple jobs with similar relationships to the salary market and competency requirements.</li> <li>➤ The market targets provide a more specific market reference point for the manager to determine the competitive rate of pay for highly experienced staff.</li> </ul>
<b>HOW DO BANDS OPERATE?</b>	<ul style="list-style-type: none"> <li>➤ DUHS maintains a pay structure that consists of 13 pay bands. The current broadband ranges can be found on the HR website at <a href="https://www.hr.duke.edu/compensation/classifications/index.php">https://www.hr.duke.edu/compensation/classifications/index.php</a></li> <li>➤ There is a 100% spread between the minimum and maximum of each pay band.</li> <li>➤ A market target is what the market would pay for a fully competent, experienced person for a particular type of job (market median).</li> <li>➤ Each pay band has three market targets.</li> <li>➤ Every job within a band is assigned into one of the three targets based on the market median for the work being performed.</li> <li>➤ Each market target has a range of competitiveness defined as 80% of the market target and 120% of the market target. Generally, this range of competitiveness is similar to a traditional pay range minimum and maximum.</li> </ul>
<b>IS THE RANGE OF COMPETITIVENESS THE SAME AS A TRADITIONAL PAY RANGE?</b>	<ul style="list-style-type: none"> <li>➤ The comparison of the market target to the traditional midpoint of the pay range may be similar.</li> <li>➤ The pay band width provides greater flexibility than the traditional pay range and accommodates salary growth within the pay band without the need to move to a higher band.</li> </ul>
<b>DOES BROADBANDING IMPACT WHETHER OR NOT A JOB IS EXEMPT OR NON-EXEMPT?</b>	<ul style="list-style-type: none"> <li>➤ No. The Fair Labor Standards Act (FLSA) provides guidelines which determine the exemption status of a job as defined by the duties of the job and the salary basis of the job.</li> </ul>



<b>WHAT DETERMINES MY TITLE?</b>	<ul style="list-style-type: none"> <li>➤ While the job evaluation determines classification for each position in the organization, the process includes a review of the appropriate job title.</li> <li>➤ To achieve this objective, many factors of the position's duties and responsibilities are examined, such as, internal and external comparisons, scope of responsibility, education and experience.</li> <li>➤ Once a position's title is determined, an official Duke job title is associated with and attached to the position.</li> <li>➤ A "working title" can be used where applicable.</li> </ul>
<b>WHAT IS A RECLASSIFICATION?</b>	<ul style="list-style-type: none"> <li>➤ A reclassification is a change in the title and/or market target match of a position's assigned duties and responsibilities. Reclassification is appropriate when a position's duties and responsibilities have changed substantially (generally greater than 20%) from those listed in the current job description.</li> </ul>

## SECTION TWO: DETERMINING PAY RATES AT DUHS

### GUIDELINES FOR DETERMINING PAY ACTIONS:

Pay actions must be approved consistent with the entity specific business process prior to being communicated to the staff member. Consult with your entity HR Director to confirm the process for approving pay actions.

If the change in pay is related to a change in job responsibilities, the supervisor will provide the staff member a revised job description when changes are made to the position, and discuss with the staff member the responsibilities and performance expectations on which he or she will be evaluated during the next performance period. This discussion must be completed within the first two weeks in which the staff member assumes the new job.

If you need assistance in establishing pay rates, contact your entity HR Director.

### MARKET BAND PLACEMENT

*80% of the Market Target* - Meets minimum requirements of the position.

*Below the Market Target* - Fully qualified to perform all duties and responsibilities of the position.

*Above the Market Target* - Highly experienced professional who possesses skills, competencies, and capabilities well beyond the minimum required.

*120% of the Market Target* - Long-term experienced professional who possesses well established skill sets and performance capabilities.

### PAY BAND PLACEMENT GUIDELINES

Meets minimum requirements of the position	Fully qualified to perform all duties and responsibilities of the position	Highly experienced professional. Possesses skills, competencies and capabilities well beyond the minimum required	Long-term experience. Possesses well established skill sets and performance capabilities
<b>80% of the Market Target</b>	<b>Below the Market Target</b>	<b>Above the Market Target</b>	<b>120% of the Market Target</b>

For some bi-weekly nursing and allied health job classifications, there are more detailed Hiring Rate Guidelines established annually. Current Hiring Rate Guidelines for those job

classifications are available from Rewards & Recognition. The Hiring Rate Guidelines are reviewed annually.

## **APPLICABLE KNOWLEDGE, SKILLS AND ABILITIES**

The knowledge, skills, and abilities of the new individual as compared to others in the organization are essential to ensure that staff is paid appropriately in comparison to each other.

### **DIRECT RELEVANT EXPERIENCE**

Prior work experience that has provided applicable knowledge, and therefore value that is directly relevant to the work to be performed should be counted when determining relevant work experience. Prior work experience is considered "relevant" to the staff member's current job when the prior duties performed and the knowledge, skills and abilities gained in those prior positions is readily applicable to the job to be performed.

*Example:* On the job experience working as a Medical Transcriptionist would likely be considered relevant experience for a Staff Assistant position but would not be considered relevant for a Radiologic Technologist.

Experience gained in a part-time position should be pro-rated.

*Example:* An Administrative Assistant candidate with 4 years of part-time experience prior to working at Duke as a Secretary should be credited with 2 years (50%) of relevant

### **INDIRECT RELEVANT EXPERIENCE -**

Prior work experience that is indirectly relevant to the work performed by the staff member in his or her job can be counted when determining total relevant work experience. In the case of indirect experience, 100% credit is not warranted. Instead, partial credit (for example, 50%) can be applied.

*Example:* A candidate for a Clinical Nurse position has 5 years of prior experience as an LPN. Since LPN experience would be considered indirect, the candidate would receive half (50%) credit, which would be 2.5 years.

## **GENERAL MARKET CONDITIONS**

The rate of pay is competitive within the market. Pay should be what is required to attract, recognize, and maintain the skill sets and talent needed.

## **BUDGET, LEGAL AND INTERNAL PAY RELATIONSHIPS**

Manage within budget following the business processes. Follow federal laws such as; FLSA, Equal Pay Act, Age Discrimination in Employment Act, etc.

## DETERMINING STARTING PAY FOR NEW HIRE

### Guidelines for New Hires

The new hire rate is determined by the hiring manager. Factors to consider in determining this rate include:

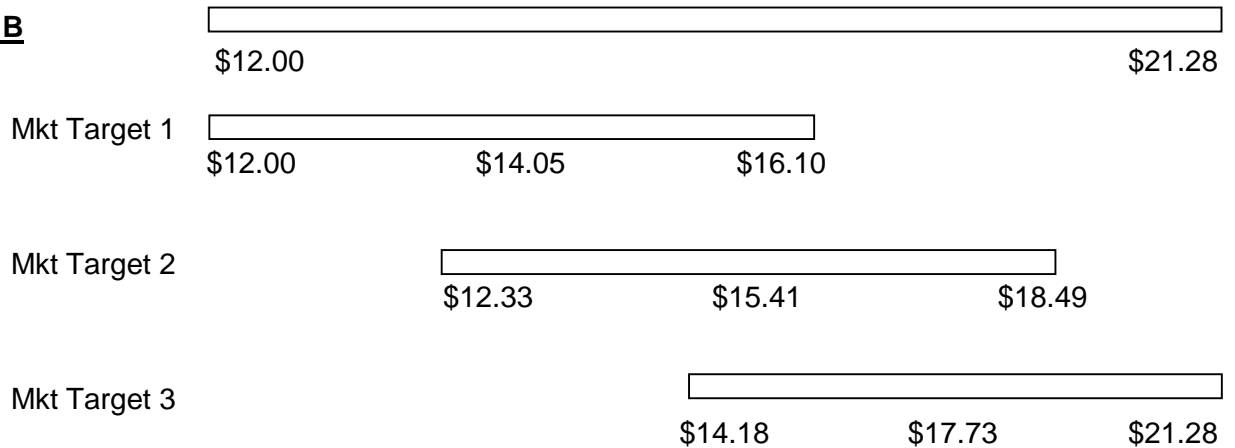
- market band placement guidelines
- applicable knowledge, skills, and abilities
- general market conditions
- other considerations (budget, legal, internal pay relationships)

### Example:

You have completed the recruiting efforts for the Health Unit Coordinator (HUC) position.

- The market target for the HUC is in Band B
- The market target is \$15.41 (Target 2).

### Band B



### Health Unit Coordinator Minimum Requirements:

- Requires knowledge of basic clerical and communication principles generally acquired through a high school education.
- General clerical experience.
- A typing speed of 20 WPM is required.

### Current Staff Demographics

Staff	Rate	Relevant Experience	Education	Race	Gender	Age	Last Performance Rating
1	12.40	.5	14	C	F	23	NA
2	12.45	1	12	AA	F	28	AE
3	12.60	2	14	H	F	23	AE
4	12.65	2.5	16	AA	M	26	AE
5	12.85	3	16	AA	F	30	AE
6	12.90	3.5	16	AA	F	32	EE
7	13.40	5	16	AA	M	36	AE
8	13.50	7	12	C	F	47	AE
9	13.80	9	12	AA	M	44	EE

10	14.75	12	16	AA	F	40	AE
11	14.85	16	12	C	F	47	BE
12	16.95	23	16	AA	F	49	AE
13	17.50	28	12	AA	F	51	AE

**Knowledge, Skills and Abilities: You are ready to extend an offer to Pat Lewis, your candidate. The following information regarding Pat is available to you:**

- She has a high school diploma.
- She has no post high school degree but has taken secretarial and computer courses at Piedmont Community College: Microsoft Word, Power Point, Excel and Access, English, Accounting and Records Management classes.
- She types 50 words per minute and is familiar with most printers, fax machines and copiers.
- She has 1.5 years of directly relevant experience.
- She is an African-American female, a single mother and has lived in Roxboro all her life.
- Her father, uncle and two brothers also work at Duke. Her grandmother is retired from Duke.
- Her mother worked at Duke for 26 years and is on LTD.

**Determine the appropriate pay for Pat based on the planning information provided.**

- The pay band guidelines indicate that a candidate who meets the minimum qualifications but has limited experience should be paid in the first quartile of the range of competitiveness.
- Giving her 1.5 years of credit for experience would place her pay between that of staff 2 and 3.
- **Given the experience of the candidate and the current staff, recommend between \$12.45 and 12.60.**

## DETERMINING PAY FOR PROMOTION

A promotion is defined as advancement to a job that requires a substantially higher level of competency or substantially different responsibilities (i.e., higher market target within a broad banded structure).

### Guidelines for Promotion Pay

Promotional increases can be up to one-half the percentage difference between the market targets of the new and present jobs, whether those jobs are in the same pay band (intra-band promotion) or in different bands. For example, if the difference between the new and present market targets is 15%, the promotional increase can be up to 7.5%.

- The new pay rate should be within the range of competitiveness of the new job. If the promotional increase calculation described above is not sufficient to establish a pay rate within the range of competitiveness, the manager should determine a rate that does meet this level, provided it does not cause internal equity issues.

#### Example:

Pat has been filling the role of HUC for two years now. She has successfully performed the role and is now being considered for the role of HUC, Advanced. The HUC, Advanced is a B3 market target. Assuming that Pat meets the requirements of the HUC, Advanced and the current pay is \$12.85, what promotional increase would you recommend?

#### Band B

\$12.00

\$21.28

#### Mkt Target 3

\$14.18

\$17.73

\$21.28

### Determine the appropriate pay for Pat based on the planning information provided.

The promotional increase can be up to one-half the percentage difference between the market target of the job currently held to the target rate of the new job. The current market target is \$15.41 and the promotional market target is \$17.73. The percentage difference is 15%. Half is 7.5%. Pat's current pay rate is \$12.85.

#### Promotion Pay

The maximum increase that could be awarded is 7.5%, which would be \$13.81 ( $\$12.85 \times 7.5\%$ ).

### Merit Increase Guidelines For DUHS Newly Promoted/Reclassified Staff Member

- A staff member that receives a promotion or reclassification that results in a pay increase prior to January 1 is eligible to receive 100% of the merit increase in October.
- A staff member that receives a promotion or reclassification that results in a pay increase from January 1 through March 31 is eligible to receive 50% of the merit increase established in annual guidelines.
- A staff member that receives a promotion or reclassification that results in a pay increase from April 1 through September 30 is not eligible for a merit increase until the following evaluation period.

## DETERMINING PAY FOR DEMOTION

A demotion is an assignment to a lower leveled (i.e., lower market target) job that can occur for reasons initiated by the department or staff member (i.e., lower market target, such as, market target 3 to market target 2 of the same or different market bands). It should only be used if the staff member can still make a significant contribution to the organization in a new capacity. Staff members who are demoted should receive a rate within the competitive range of the lower market target commensurate with their proven qualifications. This rate generally represents a pay reduction. The new rate should neither be below the minimum, nor above the maximum of the new pay band.

### Guidelines for Demotion Pay

Staff members should receive a rate as follows:

- If the value (market target) of the new position is less than the present position, the action is to be treated as a demotion.
- The supervisor will evaluate the staff member's performance at the time of the demotion. If the staff member has not had a performance evaluation within the last six months, the current supervisor will conduct an appraisal at the time of the demotion.
- The supervisor will determine if any pay adjustments are necessary.
- If the demoted staff member's new pay rate is substantially above the competitive range of the new job, his/her rate should be reduced.
- If the demotion occurs within six months before the evaluation date (October 1) and is a result of performance, the annual merit increase will be delayed to the following year.
- If the demotion occurs within six months before the evaluation date (October 1) and is for a reason other than performance, a pay increase in that evaluation period will be considered provided the current pay falls within the range of competitiveness.
- The staff member's new supervisor will discuss the new performance standards on which the staff member will be evaluated in the next performance period. This must be completed within the first two weeks in which the staff member assumes the new job.

## DETERMINING PAY FOR LATERAL TRANSFER

### Guidelines for Lateral Transfer Pay

A lateral transfer occurs when a staff member assumes a job that is in the same market target as their current job. A lateral transfer generally does not change the staff member's pay rate, as there is no increase in market target or responsibility.

### Example:

**Pat has been selected to fill an opening in another office. Her position will remain an HUC, Advanced. Based on her current pay, what pay would you recommend?**

Given that this is a lateral transfer, Pat's pay rate should remain the same.

## TRANSFERRING FROM CAMPUS, MEDICAL CENTER, OR AN IT BANDED JOB

**If a hire is an internal hire from the Campus, Medical Center, or IT, a promotion, lateral transfer or demotion is defined as follows:**

PRESENT DEPARTMENT	NEW DEPARTMENT	ACTION	DETERMINATION
Campus/ Medical Center/ IT Band	Health System	Promotion	The new market target is at least 10% higher than the midpoint of the staff member's current job (if transferring from Campus or Medical Center), OR at least 10% higher than the staff member's current rate of pay (if transferring from the IT Band).
		Lateral Transfer	The new market target is within 10% of the midpoint of the staff member's current job (if transferring from Campus or Medical Center), OR within 10% of the staff member's current rate of pay (if transferring from the IT Band).
		Demotion	The new market target is at least 10% less than midpoint of the staff member's current job (if transferring from Campus or Medical Center), OR at least 10% less than the staff member's current rate of pay (if transferring from the IT Band).



## **AWARDING THE ANNUAL INCREASE**

Staff members should have their performance and pay reviewed at least once per year. Such a review may be enhanced by the use of a formal evaluation procedure that documents a mutually understood record of the review as well as expected performance standards.

Additional information on the DUHS Pay and Performance program can be found on the HR website: <https://www.hr.duke.edu/managers/performance/DUHS/index.php>

### **MERIT INCREASE GUIDELINES FOR DUHS**

- Regular staff members who are new hires or have been promoted/reclassified (resulting in a pay increase) prior to January 1 are eligible to receive 100% of the merit increase in October.
- Regular staff members who are new hires or have been promoted/reclassified (resulting in a pay increase) from January 1 through March 31 are eligible to receive 50% of the merit increase established in annual guidelines.
- Regular staff members who are new hires or have been promoted/reclassified (resulting in a pay increase) from April 1 through September 30, are not eligible for a merit increase until the following evaluation period.
- Employees who are on a leave of absence on the date the merit increase is awarded, and are eligible for an increase (based on performance, duration of leave, etc.), will have their merit increase applied effective the date they return to work.

## FREQUENTLY ASKED QUESTIONS: DETERMINING PAY RATES AT DUHS

Question	Answer
<b>HOW IS A NEW HIRE'S PAY DETERMINED?</b>	<p>Factors to consider in determining the pay rate for new hires include:</p> <ul style="list-style-type: none"> <li>➤ Pay band placement guidelines (refer to Pay Band Placement Guidelines)</li> <li>➤ Applicable knowledge, skills, and abilities</li> <li>➤ General market conditions</li> <li>➤ Other considerations (budget, legal, internal pay relationships)</li> </ul>
<b>HOW IS PAY DETERMINED FOR A NEWLY TRANSFERRED STAFF MEMBER WHO IS PROMOTED?</b>	<p>A promotion is defined as advancement to a job that requires a substantially higher level of competency and substantially greater responsibilities (i.e., higher market target, such as, a market target C2 to a market target C3).</p> <ul style="list-style-type: none"> <li>➤ Promotional increase amounts should be determined using the promotional guidelines.</li> <li>➤ The promotional increase should not result in a rate below the band minimum, nor above the band maximum for the new classification.</li> <li>➤ The rate of pay should be agreed upon in advance of the transfer.</li> <li>➤ The effective date of the promotion is generally the first day of the pay period in which the promotion occurs.</li> </ul>
<b>HOW IS THE PAY DETERMINED FOR A NEWLY TRANSFERRED STAFF MEMBER WHO IS DEMOTED?</b>	<p>A demotion is an assignment to a lower leveled job that can occur for reasons initiated by the department or staff member (i.e., lower market target, such as, market target C3 to market target C2). Demotions should only be used if the staff member can still make a significant contribution to the organization in a new capacity. Staff members who are demoted should receive a rate within the range of the lower level classification commensurate with their proven qualifications. This rate generally represents a pay reduction. The new rate should neither be below the band minimum, nor above the band maximum of the new pay range, as defined by the following:</p> <ul style="list-style-type: none"> <li>➤ Pay range placement guidelines</li> <li>➤ Applicable knowledge, skills, and abilities</li> <li>➤ General market conditions</li> <li>➤ Other considerations (budget, legal, internal pay relationships)</li> </ul>
<b>HOW IS THE PAY DETERMINED FOR A STAFF MEMBER WHO TRANSFERS TO A LATERAL POSITION?</b>	<p>A lateral transfer occurs when a staff member assumes a job that is in the same market target as their current job. A lateral transfer generally does not change the staff member's pay rate, as there is no increase in market target or responsibility.</p>
<b>WHEN WILL I RECEIVE A MERIT INCREASE?</b>	<ul style="list-style-type: none"> <li>➤ Merit increases will be awarded to eligible staff in October.</li> <li>➤ Increases will be calculated based on the base rate of pay.</li> </ul>
<b>WILL I RECEIVE THE ENTIRE PERCENTAGE MERIT INCREASE IF I AM AT THE BAND MAXIMUM?</b>	<ul style="list-style-type: none"> <li>➤ No staff member's base pay will be lower than the minimum of the assigned band.</li> <li>➤ Base pay will not increase over the maximum of the assigned band.</li> <li>➤ If the annual merit increase will take a staff member's base pay above the band maximum, then the portion of the increase that goes beyond the band max will be awarded as a lump sum</li> </ul>

<b>HOW IS PAY ADJUSTED FOR A CAMPUS/MEDICAL CENTER/IT BAND STAFF MEMBER WHO TRANSFERS TO A HEALTH SYSTEM POSITION?</b>	<b>Present Dept</b>	<b>New Dept</b>	<b>Action</b>	<b>Determination</b>
	Campus/Medical Center/IT Band	Health System	Promotion	The new market target is at least 10% higher than the midpoint of the staff member's current job (if transferring from Campus or Medical Center), OR at least 10% higher than the staff member's current rate of pay (if transferring from the IT Band).
	Campus/Medical Center/IT Band	Health System	Lateral Transfer	The new market target is within 10% of the midpoint of the staff member's current job (if transferring from Campus or Medical Center), OR within 10% of the staff member's current rate of pay (if transferring from the IT Band).
	Campus/Medical Center/IT Band	Health System	Demotion	The new market target is at least 10% less than midpoint of the staff member's current job (if transferring from Campus or Medical Center), OR at least 10% less than the staff member's current rate of pay (if transferring from the IT Band).
<b>WHAT DO I HAVE TO DO TO GET A MERIT INCREASE?</b>	<ul style="list-style-type: none"> <li>➤ Merit increases are based on the individual staff member's previous year's performance.</li> <li>➤ Each staff member's performance contributions –expected job results and behaviors- will be evaluated based on how significantly those contributions influence the attainment of the clinical service unit/department, entity and ultimately the health system goals.</li> </ul>			
<b>HOW IS THE MERIT INCREASE AMOUNT DETERMINED?</b>	<ul style="list-style-type: none"> <li>➤ An individual's merit increase amount is based on their performance rating for that year (achieves expectations, exceeds expectations, below expectations).</li> <li>➤ A pool of dollars is budgeted for merit increases based on the Health System's performance.</li> <li>➤ The overall rating's distribution for DUHS entities will be used to determine the merit increase amounts based upon the approved merit pool for the fiscal year.</li> </ul>			

# SECTION THREE: HEALTH SYSTEM GUIDELINES FOR PREMIUM PAY

AVAILABLE ON THE HR WEBSITE:

[HTTP://WWW.HR.DUKE.EDU/POLICIES/PAY ADMINISTRATION/DUHS PAY/PREMIUM PAY.PHP](http://www.hr.duke.edu/policies/pay_administration/duhs_pay/premium_pay.php)

## FREQUENTLY ASKED QUESTIONS: PREMIUM PAY

DUHS PAY POLICY GUIDELINES	
Question	Answer
<b>HOW WILL I KNOW IF I SHOULD RECEIVE PREMIUM PAY?</b>	<ul style="list-style-type: none"> <li>➤ Premium pay is paid to eligible staff members in non-exempt positions for working hours other than the standard Monday – Friday workday (1<sup>st</sup> shift).</li> <li>➤ Talk with your supervisor about whether or not your position is eligible.</li> </ul>
<b>WHAT ARE THE PREMIUM PAY GUIDELINES?</b>	<ul style="list-style-type: none"> <li>➤ Majority Hour Rule – Premiums are paid based on the shift containing the majority of hours worked.</li> <li>➤ Pyramiding – Special pay premiums such as Third Shift premium, Weekend premium, Call-in, etc. are paid on overtime hours.</li> <li>➤ The pay band assignment will determine the premium payment.</li> </ul>
<b>WHAT IS THE DIFFERENCE BETWEEN ON-CALL AND CALLED-IN PAY?</b>	<ul style="list-style-type: none"> <li>➤ On-Call - Non-exempt eligible staff members who are on standby call for the potential return to work will receive a premium for each hour on standby.</li> <li>➤ Called-In - If non-exempt eligible staff members are called in to work while on standby, they will be paid at a minimum of two hours of base pay for each return to work. In addition, non-exempt eligible staff members continue to receive their standby pay.</li> <li>➤ Standard overtime requirements may apply.</li> </ul>
<b>WHY AREN'T EXEMPT STAFF MEMBERS ELIGIBLE FOR PREMIUM PAY?</b>	<ul style="list-style-type: none"> <li>➤ By definition of the FLSA guidelines, staff members in jobs that are exempt are not eligible for overtime pay and premium pay. The pay provided for this status takes into account the work that needs to be completed without regard to the number of hours or time of day the work is performed. There are some clinical exempt roles that may receive a salary adjustment for committing to an inconvenient work schedule.</li> </ul>
<b>WHERE DO I FIND INFORMATION ABOUT PAY PREMIUM ELIGIBILITY</b>	<ul style="list-style-type: none"> <li>➤ Speak with your supervisor first. He/she will have information pertinent to your position.</li> <li>➤ Available on the HR website: <a href="http://www.hr.duke.edu/policies/pay_administration/duhs_pay/premium_pay.php">HTTP://WWW.HR.DUKE.EDU/POLICIES/PAY ADMINISTRATION/DUHS PAY/PREMIUM PAY.PHP</a></li> <li>➤</li> </ul>

AND PAY AMOUNTS?	
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# APPENDIX

## DEFINITION OF TERMS

Topic	Definition/Description/Guideline
<b>AUTOMATIC MEAL PERIOD DEDUCTIONS</b>	Based upon departmental scheduling, staff members will have an automatic meal period deduction of 30 or 60 minutes after the first 4.5 consecutive hours worked. <ul style="list-style-type: none"> <li>➤ Departments also have the option to have staff members badge in and out for meal periods.</li> <li>➤ Supervisors must override the automatic meal period deduction for staff members who work through the meal period.</li> </ul>
<b>BASE PAY</b>	The hourly rate or salary paid for work performed. This excludes shift differential, on-call/standby and overtime pay.
<b>BROADBAND</b>	A broad pay range consisting of a minimum, maximum and target rates. Broadbands are designed to provide pay-setting flexibility and to improve recruitment and retention of critical positions.
<b>BROADBANDED STRUCTURE</b>	Compensation system which allows for the collapsing of numerous traditional pay ranges and classifications into a smaller number of broader pay ranges and classifications. It is a method of grouping work and delivering pay that provides a high degree of flexibility and responsiveness to the ever-changing business environment.  The delivery of pay premiums under the Pay & Performance structure assumes the existence of a broadbanded structure. Shift premium amounts are determined by the pay band assigned to the job classification in question.
<b>CONTINUOUS SHIFT</b>	A continuous shift is defined as one during which the staff member does not leave the work site for a period of greater than two hours of unpaid time.
<b>DAILY WORK SCHEDULE</b>	The daily work schedule should reflect the staff member's regularly scheduled hours. <ul style="list-style-type: none"> <li>➤ All full time staff members should have a work schedule of 8, 10 or 12 hours.</li> </ul> The daily work schedule is used in determining the overtime option and sets the daily limits for recording time off.
<b>DAYLIGHT SAVING TIME</b>	Staff members are paid for the total number of hours worked. During the spring when North Carolina loses an hour of time, staff members may need to use one hour of paid time off in order to receive payment for the full work schedule.
<b>DEMOTION</b>	The appointment of a staff member with regular status to a position in a classification assigned to a lower pay range.
<b>DOUBLE SHIFT</b>	Double shifts are defined as continuous hours that equate to a minimum of 4.1 hours beyond the normal daily shift schedule.

<b>HOURS INCLUDED IN DETERMINING THE NUMBER OF OVERTIME HOURS</b>	Worked hours (primary and secondary) will be used in determining the number of overtime hours. If overtime is created on a day with secondary hours, it is charged to the secondary position. If overtime is created by an additional day worked in the pay period, the overtime is charged to the position worked on that additional day as determined by the overtime option. If the employee has more than one secondary job, overtime pay is allocated on a pro rata basis.
<b>INCONVENIENCE PAY</b>	Eligible staff members who report to work and are informed that they may be excused due to low census, etc. will either work for two hours or receive inconvenience pay for up to two hours of the base hourly rate in addition to any applicable shift and/or weekend premiums.
<b>LATERAL TRANSFER</b>	A lateral transfer generally does not change the staff member's pay rate, as there is no increase in market target or responsibility.
<b>MARKET TARGET</b>	The rate on the pay band that represents the market median for that particular job.
<b>MERIT INCREASE</b>	Staff members should have their performance and pay reviewed at least once per year. Such a review may be enhanced by the use of a formal evaluation procedure that documents a mutually understood record of the review as well as expected performance standards.
<b>OPERATING ROOM DRESS TIME</b>	Additional 10 minutes of paid time is added to the shift starting period to allow for OR staff dress time.
<b>OVERTIME OPTIONS</b>	Two overtime options are available for Health System staff members. <ul style="list-style-type: none"> <li>➤ Overtime Option 2: Pays overtime on the greater of 8 hours per day or 80 hours per pay period.</li> <li>➤ Overtime Option 3: Pays overtime over 40 hours per week. Required for fringe benefit codes 05, 06, and 12 as well as for staff members who are scheduled for 10 and 12 hour shifts.</li> </ul>
<b>PROMOTION</b>	The movement of a staff member to a different position assigned to a higher pay range or pay band.
<b>PYRAMIDING PREMIUMS</b>	Policy allows special pay premiums such as Third Shift Premium, Weekend Premium, Standby Called in, etc. to be paid on overtime hours.
<b>RANGE OF COMPETITIVENESS</b>	Each market target has a range of competitiveness defined as 80% of the market target to 120% of the market target. Generally, this range of competitiveness is similar to a traditional range minimum and maximum.
<b>RECORDING WORK HOURS</b>	Shifts beginning 3:01am or after will be recorded on the actual day they occur.

<b>ROUNDING</b>	Hours are rounded to the nearest tenth of an hour.
<b>SHIFT AND WEEKEND PREMIUM ELIGIBILITY</b>	The majority hour rule will apply across DUHS for all non-exempt classifications. No capping at the work schedule across DUHS.
<b>SPECIAL OVERTIME</b>	Currently, time worked and time off with pay is reported on the workday that the shift begins. As a result of recording time in this manner, overtime hours cannot be properly identified and paid by the payroll system without departmental intervention. Departmental Payroll Representatives must submit a Special Overtime Card to add the additional overtime hours due. Please note that few special overtime cards are submitted by departments.
<b>TOTAL COMPENSATION</b>	Total Compensation is the total reward received by a staff member in exchange for services performed for an organization. It can include both direct pay (pay and wages) and indirect pay (benefits programs).
<b>WORKING OUT OF POSITION</b>	Eligible staff members who are working out of position may be paid an additional 5% of their base rate or the difference between their base hourly rate and the minimum rate of the position in which they are temporarily working. The rate or the flat amount must be entered in ReportXpress by the supervisor.
<b>WORKWEEK</b>	Workweek begins 12:01am Monday morning and ends at 12:00 midnight on the following Sunday.



# DUHS PAY POLICIES

ADDITIONAL INFORMATION ON DUHS POLICIES IS AVAILABLE  
AT THE DUKE HR POLICY WEBSITE:

<https://www.hr.duke.edu/policies/index.php>

ADDITIONAL COMPENSATION SUPPORT RESOURCES ARE AVAILABLE AT:

<http://www.hr.duke.edu/managers/pay/index.php>

➤ **CONTACT FOR CLARIFICATION OF POLICIES:**

1. YOUR SUPERVISOR
2. YOUR ENTITY/DEPARTMENT HR REPRESENTATIVE
3. REWARDS AND RECOGNITION: 684-5600

➤ **FORMS AND WORKSHEETS**

[HTTPS://WWW.HR.DUKE.EDU/FORMS/INDEX.PHP](https://www.hr.duke.edu/forms/index.php)

➤ **EDUCATIONAL RESOURCES AVAILABLE THROUGH HUMAN RESOURCES**

- **GUIDE TO MANAGING AT DUKE**