This document contains the guidelines for managing compensation within Purdue’s compensation structure.

Read this document prior to any discussion with your manager or direct reports regarding compensation.

If you have any questions, please reach out via email to compensation@purdue.edu.
Overview

The mission of Purdue University is to help students succeed, faculty to discover, and researchers and entrepreneurs to make an impact. In order to reward the great contributions of our employees in achieving this mission, we provide a competitive total rewards package made up of compensation, benefits, services and discounts. While this document outlines the guidelines for our compensation program, it's important to consider compensation in the context of the total value you receive for working at Purdue.

Purdue is committed to providing a staff compensation program that attracts and retains high-performing employees at all levels. The accomplishment of this goal is supported by our compensation philosophy of being competitively aligned with the external market and working to ensure fair and consistent delivery of pay internally.

Our compensation guidelines provide managers and employees with a framework on how compensation decisions are made in alignment with our philosophy. These guidelines are intended to ensure consistency in the administration of staff compensation across the University system. These guidelines are NOT intended to cover all employees. Faculty, researchers and non-staff employees have separate compensation programs that are not covered by these guidelines.

Purdue University intends to administer pay in accordance with these guidelines; however, it reserves the right to modify any of the guidelines described in this document without prior notice. Nothing within these guidelines constitutes a contract or guarantee of employment.

Compensation guidelines provide the framework to ensure we achieve our compensation philosophy

The University is committed to a policy of equal opportunity in every aspect of its operations. Accordingly, the compensation program does not discriminate on the basis of sex / gender, race, age of 40 or over, color, religion, national or ethnic origin, sexual orientation, disability, marital status, military leave, veteran status and any other status protected by law, in matters relating to employment. The program will comply with all applicable state and federal laws governing compensation.
At Purdue, our compensation philosophy is to be competitively aligned with the external market while working to ensure pay is fairly and consistently delivered internally.

**Internally**
**Fair and Consistent**

The job family structure provides us with a basis for ensuring fair and consistent pay delivery across Purdue. This means that no matter what college or unit an employee sits within, equivalent jobs will have the same pay band (and therefore compensation potential).

**Externally**
**Market Competitive**

In order to identify the competitive market, we focus on “where do we attract talent from and to where do we lose talent” for Purdue jobs. For some jobs, this may mean the competitive market is other academic institutions. For other jobs, it may mean the local, regional or national market at large.

**How do we compare to market?**

The external market for Purdue varies depending upon the job:

- For our academic functions (such as academic and student affairs), we compare to other universities of comparable size, complexity and stature to Purdue.
- For our staff support functions (such as maintenance and facilities, IT, and finance) we look beyond higher education and compare to the local, regional or national market at large. The market we compare to is determined by the type of job and employers we generally compete with for talent.
At Purdue, compensation is not “owned” by any one function. The effectiveness of our compensation philosophy is dependent upon the collective efforts of our leaders across the University, Compensation, Finance and HR Business Partners.

**LEADERSHIP**

- Executive Leadership: Oversees and provides final authority for all compensation decisions; ensures good governance of compensation investment
- Unit / Department Leadership: Ensures consistency and equity in the allocation of compensation dollars within their respective areas
- Managers: Makes compensation decisions for their teams in line with University guidelines and budgets, and communicate those decisions to their employees

**HR COMPENSATION**

- Maintains job family structure and related job documentation
- Develops, delivers and maintains compensation programs and policies
- Conducts ongoing assessment of the competitiveness of programs
- Facilitates compensation technologies and defines standards of use
- Oversees communication and training of compensation programs
- Provides oversight of compensation programs to ensure compliance with guidelines

**FINANCE**

- Establishes total compensation budgets for the University in partnership with Compensation
- Manages University allocation of budget for annual increases
- Monitors total compensation investment both in aggregate for the University as well as at the Unit level

**HR BUSINESS PARTNERS**

- Provides feedback to Compensation related to University needs for new / changed compensation programs
- Liaises between Compensation and University Leaders on compensation matters
- Advises managers on compensation decisions, consulting with Compensation as appropriate
Every job at Purdue is assigned a pay band*. The pay bands are a critical component to our compensation program. They establish the competitive range of pay for a job and guide every compensation decision that is made, from annual merit awards, to promotional increases, to setting pay for new hires. It is the fundamental mechanism of how we will ensure that we deliver on our compensation philosophy of being fair, consistent and market competitive.

Purdue’s pay bands were developed based on competitive market data. Jobs were benchmarked using a number of salary surveys to properly reflect the comparison market (higher education or local, regional or national market at large). These surveys are conducted by well-established survey firms who use proven methods for collecting, analyzing and presenting data. Compensation regularly evaluates the data sources to ensure they continue to meet the needs of the University and provide high quality data.

Each pay band has three critical components:
- Minimum – Lowest acceptable rate of pay
- Midpoint – Target market median rate of pay
- Maximum – Highest acceptable rate of pay

Our pay bands reflect that not everyone in a job has the same level of experience, job mastery or performance. So while the midpoint represents the market rate for each job, not everyone will or should be paid at the midpoint. Depending on the level of experience, job mastery, and performance, some employees will be lower in the band, some closer to the midpoint and some above the midpoint.

*Within SuccessFactors, the pay band may be referred to as a grade
## Staff Pay Bands

The chart below outlines the pay bands structure for staff positions.

<table>
<thead>
<tr>
<th>Pay Bands</th>
<th>Min</th>
<th>Mid</th>
<th>Max</th>
</tr>
</thead>
<tbody>
<tr>
<td>S005</td>
<td>$20,800</td>
<td>$21,500</td>
<td>$27,500</td>
</tr>
<tr>
<td>S010</td>
<td>$20,800</td>
<td>$23,700</td>
<td>$30,300</td>
</tr>
<tr>
<td>S015</td>
<td>$20,800</td>
<td>$26,000</td>
<td>$33,300</td>
</tr>
<tr>
<td>S020</td>
<td>$20,800</td>
<td>$28,600</td>
<td>$36,600</td>
</tr>
<tr>
<td>S025</td>
<td>$22,700</td>
<td>$31,500</td>
<td>$40,300</td>
</tr>
<tr>
<td>S030</td>
<td>$24,900</td>
<td>$34,600</td>
<td>$44,300</td>
</tr>
<tr>
<td>S035</td>
<td>$27,400</td>
<td>$38,100</td>
<td>$48,800</td>
</tr>
<tr>
<td>S040</td>
<td>$30,200</td>
<td>$41,900</td>
<td>$53,600</td>
</tr>
<tr>
<td>S045</td>
<td>$33,200</td>
<td>$46,100</td>
<td>$59,000</td>
</tr>
<tr>
<td>S050</td>
<td>$36,500</td>
<td>$50,700</td>
<td>$64,900</td>
</tr>
<tr>
<td>S055</td>
<td>$40,200</td>
<td>$55,800</td>
<td>$71,400</td>
</tr>
<tr>
<td>S060</td>
<td>$44,100</td>
<td>$61,300</td>
<td>$78,500</td>
</tr>
<tr>
<td>S065</td>
<td>$50,800</td>
<td>$70,500</td>
<td>$90,200</td>
</tr>
<tr>
<td>S070</td>
<td>$58,400</td>
<td>$81,100</td>
<td>$103,800</td>
</tr>
<tr>
<td>S075</td>
<td>$67,200</td>
<td>$93,300</td>
<td>$119,400</td>
</tr>
<tr>
<td>S080</td>
<td>$77,300</td>
<td>$107,300</td>
<td>$137,300</td>
</tr>
<tr>
<td>S085</td>
<td>$88,800</td>
<td>$123,400</td>
<td>$158,000</td>
</tr>
<tr>
<td>S090</td>
<td>$102,200</td>
<td>$141,900</td>
<td>$181,600</td>
</tr>
<tr>
<td>S095</td>
<td>$117,500</td>
<td>$163,200</td>
<td>$208,900</td>
</tr>
<tr>
<td>S100</td>
<td>$135,100</td>
<td>$187,600</td>
<td>$240,100</td>
</tr>
<tr>
<td>S105</td>
<td>$155,400</td>
<td>$215,800</td>
<td>$276,200</td>
</tr>
<tr>
<td>S110</td>
<td>$178,700</td>
<td>$248,200</td>
<td>$317,700</td>
</tr>
<tr>
<td>S115</td>
<td>$300,000</td>
<td>$400,000</td>
<td>$500,000</td>
</tr>
<tr>
<td>S120*</td>
<td>$30,200</td>
<td>$83,750</td>
<td>$137,300</td>
</tr>
<tr>
<td>S125*</td>
<td>$47,500</td>
<td>$128,200</td>
<td>$208,900</td>
</tr>
</tbody>
</table>

* These pay bands apply to Researchers. They are very broad to accommodate the number of factors that impact pay in such roles. Internal data based on current incumbents in the same job will be used to determine more specific pay for positions in these jobs.
Salary administration guidelines address a range of employment situations that may warrant a salary adjustment. These guidelines provide a framework for how compensation decisions should be made within the pay band.

**Pay Within the Band**

The pay bands represent market competitive pay and have been designed to be wide enough to accommodate a variety of experience and expertise levels. An individual’s position within the pay band may vary dependent upon experience, performance, skills, competencies, and available budget. The illustration below provides general principles for how compensation should be managed over time within the band:

<table>
<thead>
<tr>
<th>Minimum</th>
<th>Midpoint</th>
<th>Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performs all job responsibilities, but may still be building experience, proficiency and independence</td>
<td>Significant experience in the job and possesses all required knowledge and skills</td>
<td>Represents a large premium to market and is reserved for exceptional expertise, performance and / or critical skills</td>
</tr>
</tbody>
</table>

Purdue is committed to ensuring all employees meeting performance expectations are paid within their pay band. It is the expectation that an employee’s pay will not fall below the minimum or progress beyond the maximum of a pay band.

In the event that an employee is found to be below the minimum of their pay band, a market adjustment should be provided to the employee to move their compensation to the minimum of the band, assuming the employee meets the minimum requirements and performance expectations for the job.

In the event that an employee is found to be over the maximum of their pay band, no reduction in compensation will occur but their base pay will be frozen until such time as they fall below the maximum of the band.
Merit Increases

A merit increase is the primary means for an employee to grow their compensation while remaining in the same job. Merit adjustments are provided on an annual basis, subject to financial feasibility and leadership approval. Merit awards are granted in order to recognize movement in the external market as well as reward the performance and contribution of employees.

MERIT BUDGETS
Each year, Purdue will conduct a benchmark assessment of merit increase budgets based on published market studies provided by third parties. Based on this analysis of market movement, current compensation levels, and other relevant economic and internal factors, Compensation will recommend a merit pool. The executive leadership team of the University will review and provide final approval of the merit pool. If approved, the merit pool, typically expressed as a percentage of payroll, will be communicated to the organization.

MERIT TIMING AND PROCESS
Generally, if a merit pool is approved merit increases will go into effect as of July 1. A few areas follow an alternate schedule. Please check with your manager or Unit Leadership to confirm the schedule you follow.

Each year, Compensation will provide managers guidance around the merit process. This will include a schedule of key dates and other process details.

MERIT ELIGIBILITY
Generally, all staff employees covered by these Compensation Guidelines are eligible for consideration for a merit increase, with the following exceptions:

• Employees hired or who received a pay increase within 120 days of the merit effective date
• Employees with unsatisfactory performance
• Employees with compensation above the range maximum (though a lump sum award may be granted for those with high performance, as described on the following page)

Any employee hired or who received a pay increase between 120 days and 200 days from the merit effective date are eligible for consideration for a prorated merit award.
5 Administration Guidelines

DETERMINATION OF MERIT INCREASES
Individual merit increases should be differentiated based on performance with consideration given to market position (i.e. the midpoint of the pay band) and internal equity of the employee relative to his / her peers in the same / similar roles.

Based on the above, the manager should recommend a merit award for each employee that will move the employee to the appropriate position within the pay band based on their experience and performance, while staying within the overall compensation budget for the Department. Each year, Compensation will provide guidance to managers to aide in making effective merit decisions.

LUMP SUM AWARDS
Lump sum awards are one-time payments in lieu of a base salary adjustment for employees whose compensation exceeds the maximum of the pay band.

In order to reward exceptional performance, lump sum awards may be provided to employees whose compensation exceeds the maximum of the pay band. However, not all employees whose compensation exceeds the maximum should receive a lump sum award, as compensation over maximum represents a significant premium to the external market. Departments will determine eligibility based on available budgets and employee performance.

In the event an employee’s current base salary is below the band maximum, but a merit adjustment would place the employee’s base salary above the maximum, the portion of the merit award below the maximum will be added to base salary, with the remaining portion of the increase provided in a lump sum payment. Going forward, the employee's base salary will be frozen so long as their compensation remains above the maximum of the pay band.
Promotional Increases

DEFINITION OF A PROMOTION
Purdue defines a promotion as a move to a job with greater responsibility and in a higher career stream level.

DETERMINATION OF A PROMOTIONAL INCREASE
Promotions generally warrant an associated compensation increase to reflect the change in responsibilities and market position for the new role; however, exceptions may occur if the employee’s current compensation is high relative to the new pay band.

The amount of a promotional award will vary depending on the circumstances of each promotion. There are four primary considerations to take into account when determining promotional increases:

1. Employee’s current pay level
2. Pay band for new job
3. Employee qualifications for new job
4. Compensation for similarly situated employees
PROMOTIONAL INCREASE GUIDELINES

The following guidelines should be considered when making promotional awards, based on an employee’s position in the new pay band prior to receiving an adjustment. These are general guidelines, and the actual award may vary depending upon the four considerations described previously and the departmental budget. Compensation will conduct a review of all promotional award increases for consistency and compliance with guidelines. Any exceptions must be approved by the Unit Leadership and Senior HR Leader for the campus.

<table>
<thead>
<tr>
<th>Pay Band Position (Before Adjustment)</th>
<th>Promotional Increase Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Below Minimum</td>
<td>Sufficient to move employee to at least the minimum of the range (generally greater than 10%)</td>
</tr>
<tr>
<td>Bottom Third of Range</td>
<td>7 – 10% Adjustment</td>
</tr>
<tr>
<td>Middle Third of Range</td>
<td>5 – 7% Adjustment</td>
</tr>
<tr>
<td>Upper Third of Range</td>
<td>0 – 5% Adjustment</td>
</tr>
<tr>
<td>Above Maximum</td>
<td>No Adjustment</td>
</tr>
</tbody>
</table>

Promotional increases are not “fixed” percentages, but rather will vary based on the employee’s current compensation, the market for the new job, and other relevant factors.
A transfer / lateral move occurs when an employee takes a new position that is in the same Career Level as their current role. Pay changes for these types of moves are handled differently depending on the situation – see chart below.

<table>
<thead>
<tr>
<th>LATERAL MOVE TO...</th>
<th>OVERVIEW</th>
<th>STANDARD TREATMENT</th>
<th>POTENTIAL EXCEPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Same job in a different department or unit</td>
<td>Moves of this type do not result in a change in skill level or responsibility and generally do not warrant a pay increase.</td>
<td>No pay increase</td>
<td>• Move is for developmental purposes</td>
</tr>
<tr>
<td>Different job with the same career level and pay band</td>
<td>In this instance, the jobs are comparable from a market perspective and generally an increase is not warranted.</td>
<td>No pay increase</td>
<td>• Compensation below market for new role • Move is for developmental purposes</td>
</tr>
<tr>
<td>Different job in the same career level with a lower pay band</td>
<td>In this instance, although the jobs are in the same career level, the market competitive pay for the position the individual is moving to is lower than their current job.</td>
<td>No pay change, though future compensation potential may be impacted</td>
<td>• Move is voluntary and compensation substantially exceeds market</td>
</tr>
<tr>
<td>Different job in the same career level with a higher pay band</td>
<td>In this instance, although the jobs are in the same career level, the market competitive pay for the position the individual is moving to is higher than their current job.</td>
<td>Small increase may be warranted (0-5%).</td>
<td>Increase may not be warranted if: • Candidate pay is already high in the new pay band • Internal equity • Budget</td>
</tr>
</tbody>
</table>
Demotions

On occasion, an employee may move to a job in a lower career level, generally in order to provide a more appropriate fit between the employee's skills and the requirements for the job. These situations are rare and unique, and managers should consult with Compensation regarding the appropriate treatment.

In the event of a voluntary demotion where the employee has applied for a job in a lower career level, a pay decrease is generally warranted to align the employee’s compensation with the market for the lower level role. The manager should consult with Compensation as any impact would be determined based on careful review of the employee’s current pay, the new pay band, and all other relevant factors.

Market and Equity Adjustments

Compensation continually assesses both the external competitiveness of compensation as well as the internal equity of compensation of employees in the same / similar roles. As a result of these analyses, on rare occasion proposed compensation adjustments may be identified outside the annual merit processes. In the event of such a change, Compensation will work with the Department and Manager regarding proposed changes to ensure they are properly made and communicated to affected employees.

Temporary Job Changes and Interim Appointments

On occasion, it may be necessary for employees to assume additional and / or different responsibilities for a period of time. Since temporary and interim appointments can vary significantly, managers must consult with Compensation when there is a temporary job change or interim appointment that requires consideration for temporary compensation.
New Hire Compensation

Purdue’s policy is to hire prospective candidates at a rate that is competitive to the market, commensurate with the skills, knowledge and experience of the candidate, and internally equitable relative to other Purdue employees in the same or similar roles.

The starting compensation rate for a new staff member should be determined by considering the pay band for the job they are being hired into, as well as the qualifications and experience for the job as compared to the job responsibilities. The following illustration provides guidelines for the appropriate placement in the range based on these factors:

<table>
<thead>
<tr>
<th>Minimum</th>
<th>Midpoint</th>
<th>Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Candidate meets the minimum requirements for the role, but has limited experience in performing the job for which they are applying</td>
<td>Candidate has significant experience performing the role for which they are applying and is expected to fully perform all functions within a limited &quot;learning&quot; period</td>
<td>Rarely used as a starting rate for a new candidate, but may be appropriate in the event of critical business needs or critical / scarce skill sets</td>
</tr>
</tbody>
</table>

With consideration of the above, final placement in the pay band should be determined based on a careful review of the pay for similarly situated employees in order to ensure equitable compensation decisions.

It is the expectation that new hire offers will fall below the midpoint of the pay band. In rare occasions a critical business need, scarcity of a skill or extraordinary candidate qualifications may warrant consideration of an offer above the midpoint. Any offer above the midpoint must be approved prior to making an offer.

If a manager wishes to make an offer above the midpoint, they must start by contacting and receiving approval from Compensation. Managers should provide justification for the offer that includes the business need, extraordinary candidate qualifications and / or any unique circumstances. If approved by Compensation, the manager must then obtain approval from Unit Leadership.
Off Cycle Compensation Adjustments

While most compensation reviews will occur on an annual basis through merit or a promotion, there may be rare occasions where an off cycle compensation adjustment is warranted. Any compensation adjustment that does not arise from one of the scenarios outlined in the prior sections of this document requires review and approval by Compensation first followed by approval of Unit Leadership. Off cycle adjustments may be proposed based on pay equity or market competitiveness, but in all cases requires substantiation of the need for the increase. Please contact Compensation if you wish to initiate a request of this type.

Call Back Pay

Nonexempt, benefits-eligible employees will receive callback pay when, after leaving a scheduled work shift, the employee is required to return to the workplace outside of the employee’s normal work schedule. Callback pay is not provided when extra work is scheduled in advance or when employees are asked to stay past the end of their regular work shift or to report to work early, unless the employee was unexpectedly called back into work after s/he had left her/his previous shift and it causes an extension of the workday.

Employees compensated for callback pay must receive a premium payment equivalent to two hours of regular pay and be compensated for all hours worked. All time worked in callback status is included to determine overtime eligibility. The callback premium payment is not included when calculating overtime eligibility.

Any interruption in work time for the benefit of the employee does not change the extension of the work shift as defined above, and the employee is eligible only for payment of time worked. This type of interruption covers such times as authorized meal periods, time to take co-workers home, time scheduled solely for the convenience of the employee, etc.
Shift Differentials are used to compensate regular clerical and service staff members who normally work on one of the following shifts:

<table>
<thead>
<tr>
<th>Shift</th>
<th>Per Hour</th>
</tr>
</thead>
<tbody>
<tr>
<td>If four or more hours are scheduled between 4 p.m. and midnight</td>
<td>$0.45</td>
</tr>
<tr>
<td>If four or more hours are scheduled between midnight and 8 a.m.</td>
<td>$0.45</td>
</tr>
</tbody>
</table>

The shift differential rate is added to the normal hourly pay rate and must be applied to all hours worked on the shift (i.e. overtime, holiday, vacation and sick leave pay). The value of the shift differential is subtracted from the cash pay in order to determine if a pay rate is within bracket.

Student and temporary employees are eligible for shift differential when they work 40 or more hours biweekly.
Compensation is responsible for continually monitoring the competitive market and making adjustments to ensure the pay bands remain competitive.

**SALARY STRUCTURE ADJUSTMENTS**

Salary structure adjustments are adjustments made to the overall pay band to ensure they remain competitive with the external market. Compensation will assess the need for structure adjustments on an annual basis, based on market data collected by major survey firms. Any recommendations for structure adjustments will be approved by the Vice President of Human Resources and Chief Financial Officer.

**POSITION CHANGES**

From time-to-time, changes may occur in the duties or scope of a position. Small changes generally will not affect a position’s career level or pay grade. However, significant changes may have an impact. Generally, a change of 25-40% or more of the responsibilities of a job is considered significant.

If a significant change occurs, managers should contact Compensation to discuss the changes. To facilitate the discussion, managers should be prepared to provide an outline of the current position description, an outline of the changes that are being made, an updated position description and the business need for the change.

If Compensation determines that the changes to the position warrant a change in job match, career level or pay grade, they will work with the manager to determine the appropriate process to follow based on the situation. This could be a simple update to the pay band, a career level change that may require a job posting, or a postponement of the change until the next promotion period.

In the event the Department and Compensation do not align on the result of the review process, the Senior HR Leader and Unit Leadership will have the final decision making authority on the request.
JOB CATALOG

Jobs are the building blocks for our career framework and the foundation for our compensation programs. They have titles and descriptions that are market relevant, fitting within the culture and structure of the University. The job catalog includes all the relevant information for approved jobs within the University.

Example of Job Catalog Structure

Each job is supported by a market relevant job title and job description

It is the responsibility of Compensation to maintain the job catalog. This includes keeping the information current and properly aligned with internal needs and the external market. Any changes or additions to the catalog must be reviewed by Compensation and approved by the Director of Compensation.