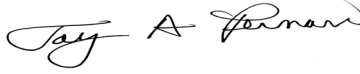


## OFFICE OF THE CHANCELLOR

**TO:** USM Presidents  
**FROM:** Jay A. Perman, Chancellor   
**DATE:** May 12, 2022  
**RE:** FY 2023 USM Compensation Guidelines

**I. Introduction**

The General Assembly has completed the 2022 legislative session, and 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 2023. The FY 2023 budget includes a provision for a 3.0% cost of living adjustment and a 2.5% merit increase. 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.

The following guidelines take effect July 1, 2022, and will continue through the fiscal year. They are intended to implement the State Budget requirements related to employee compensation applicable in FY 2023. 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 their 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**

The General Assembly has approved merit increases, including funding for state supported positions, for FY 2023. Merit increases will be effective July 1, 2022. FY 2023 merit increases will be based on the employee's past performance during an evaluation period ending no later than July 1, 2022. Employees must receive at least a "Meets Standards"

rating (or its equivalent) to qualify for a merit increase. Each institution will develop a plan to complete the performance evaluations upon which the merit increases will be based and to notify employees of resulting increases.

1. Regular Nonexempt Staff: Consistent with USM Policy VII-9.20, Nonexempt staff who are given an evaluation ranking of "Meets Standards" or better shall receive a merit increase of 2.5%.
2. Regular Exempt Staff and Faculty: Merit increases for these employees shall reflect their performance, consistent with the institution's performance evaluation plan and standards and any relevant collective bargaining agreement requirements. The FY 2023 state support budget includes funding for a 2.5% average merit pool for Exempt Staff and Faculty employees.
3. Contingent I and II Exempt and Nonexempt Staff, Contractual (Adjunct) Faculty, Graduate Assistants, Postdocs, and Fellows: Institutions may provide a merit increase to these employees based on their performance during their most recent review period and institution practices if funds are available.

According to USM policy, Nonexempt and Exempt Staff employees are eligible to receive a merit increase up to the maximum of their respective pay ranges. In FY 2023, institutions may continue to provide the applicable merit increase above the maximum of an employee's range in the form of a one-time payment that is not added to the employee's base salary.

B. Cost of Living Adjustment

A 3.0% cost of living adjustment shall be provided to all Regular USM Faculty and Staff. Cost of living adjustments will be effective July 1, 2022. Institutions may provide a cost of living adjustment to Contingent I and II Staff, Contractual (Adjunct) Faculty, Graduate Assistants, Postdocs, and Fellows in accordance with institution policy and practice based on available funds and in an amount determined by the institution.

Final application of the July 2022 COLA and merit increases for University of Maryland Baltimore School of Medicine clinical faculty may be based on the availability of clinical income, including contractual income, to support such payments.

C. Salary Structures

1. Exempt Staff Salary Structure: If the Board of Regents votes in June 2022 to adjust the exempt salary structures for Fiscal Year 2023, employees whose pay falls below the new minimum of each pay range will receive a pay increase to the new minimum of the range.
2. Nonexempt Staff Salary Structures: If the Board of Regents votes in June 2022 to adjust the nonexempt salary structure for Fiscal Year 2023, employees whose pay falls below the new minimum of each pay range will receive a pay increase to the new minimum of the range.
3. Any adjustment to the salary structures will be effective July 1, 2022.

D. Salary Adjustments to Address Compression Resulting from the January 2022 Adjustment to Minimum Pay in the Nonexempt Salary Structure

If the Board of Regents votes in June 2022 to provide certain wage increases to address compression, such increases shall be effective July 1, 2022.

E. Minimum Wage

The minimum wage for Maryland workers will increase to \$13.25 per hour effective January 1, 2023. The minimum for all pay ranges on the Nonexempt and Exempt Salary structures is \$15.00 per hour. Other Types of Compensation Increases Not Restricted by the Guidelines.

F. 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 Increases (to be used judiciously when necessary to retain a difficult-to-replace employee).
2. Equity Increases (e.g., increases required to comply with federal and state equal opportunity employment laws and federal immigration laws).
3. Reclassifications.
4. Promotions.
5. 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).
6. Established Institution Awards (including Board of Regents awards for staff and faculty, and institution service awards).
7. Contract Renewal Increases.
8. 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 should be sent to me for review and comment prior to any announcement to employees or the public.

9. Non-Salary Taxable Compensation.

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

Note that USM approved programs, such as the Live Near your Work and the Childcare Grant Program, are exempted from this approval process.

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

G. 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 2023 and should be sent to HR Officer Tom Hoffacker in the USM Office no later than Friday, July 22, 2022, unless otherwise stated:

A. President's Affirmation Letter.

Shall affirm that the compensation actions taken for FY 2023 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 2022 and FY 2023.

C. Report of Significant Salary Adjustments.

This must provide details of regular faculty and staff employee salary adjustments to base pay that result in a cumulative compensation increase of more than 15% during the period July 1, 2022, to June 30, 2023.

This report will be due on Friday, July 21, 2023. 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 each institution's chief human resources officer. 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  
Vice Chancellors  
Vice Presidents for Administration and Finance  
Provosts and Chief Academic Affairs Officers  
Systemwide Human Resources Committee (SHRC)

Carolyn Skolnik  
Tom Hoffacker  
Lorri McMann  
Colleen Auburger