

National–Louis University Policy for Faculty Compensation Plan

FP: 116

Approved: Faculty Senate
Approved: Board of Trustees
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EFFECTIVE DATE: May 16, 2018*

** - Revisions adopted effective with the Faculty Senate approval.*

FACULTY COMPENSATION POLICY

The Faculty Compensation Plan is implemented in conjunction with the National Louis University Faculty Compensation Philosophy.

PHILOSOPHY:

In order to attract, retain and motivate our faculty, we are committed to a compensation program that rewards performance and contributions to the advancement of the institution. Moreover, the compensation program will be competitive in relevant labor markets so that it may attract and retain individuals with the experience and skills necessary to advance the University's mission. To succeed in these endeavors, it is expected that all employees will be mission-driven, results-oriented, quality-focused, team-oriented and fulfillment seeking.

The University's compensation program supports our mission and strategy. It provides a competitive and affordable level of compensation in exchange for past and expected levels of performance and results. In general, a performance-related/merit based system is used to evaluate performance and set salaries. Additional factors may be considered such as internal equity, external comparability and economic factors (e.g., CPI). Compensation may exceed that offered by comparable universities provided individual, team and/or the University's performance and results are exceptional and the University generated revenues are sufficient to fund and recognize such valued contributions.

The compensation philosophy of the University supports direct compensation programs that are consistent with peer organizations. The philosophy should guide the policy and implementation of programs that attract, retain and motivate employees to achieve strategic initiatives that are adopted to fulfill the University's mission.

PURPOSE

The purpose of the Compensation Philosophy is to provide National Louis University (the "University") with an overall faculty compensation approach for the management of base pay. In support of the overall mission of the University, the goals of the compensation philosophy include the following:

- Attract, retain and motivate the productivity and commitment of a highly qualified, and diverse, faculty body;
- Support annual, and long term, individual and University-wide goals and initiatives.

In addition, the compensation philosophy aligns with and supports financial sustainability and reflects the University's strategic direction and desired positioning relative to competitive markets.

IMPLEMENTATION

Through the annual University wide budget process, budget and compensation targets are established accordingly. Human Resources, in collaboration with appropriate management review relevant market data, internal salary analyses, and faculty performance to provide compensation recommendations. Any proposed compensation pool

is subject to final approval of the board of trustees as part of the overall approval of the budget. Compensation recommendations are developed and reviewed within the context of four broad “goals”.

Goal 1: Internal Equity

Dollars allocated toward this goal are intended to eliminate or reduce, to the extent feasible, existing inequities between the salaries of faculty with comparable qualifications, performance history, and length of service within the same rank and disciplinary area. It is understood that salary inequities are often a result of historical circumstances and compression factors that develop over time. Further, ability to address salary inequities in any given year may be restricted by available funds and other factors. Therefore, working to address salary inequities is often a continuous or multi-year effort. Inequities are determined to exist when:

- Individuals fall below the salary band* established by NLU Human Resources and updated each fiscal year for each rank in each college; AND/OR
- In the judgment of the Dean, Provost, and V.P. of Human Resources, an individual has fallen below a salary commensurate with years in rank, discipline benchmarks, and record of performance over time.

*The determination of salary bands will be based upon annual salary analyses conducted by the Office of Human Resources using nationally validated data from CUPA on median faculty salaries by discipline and rank.

Goal 2: Performance Related Merit

Dollars allocated toward this goal are intended to reward faculty members, departments, and/or programs for performance-related/merit based factors. These dollars, if awarded, become a part of the base salary or in some circumstances, are given in the form of a lump sum payment.

These rewards will be determined and administered in relation to the faculty performance process by the administration as articulated in Faculty Policy 103. The performance process includes annual performance reviews as well as the dean’s and other appropriate College and University leaders’ professional judgment about the knowledge, skills, dispositions, and impact of individual faculty members as manifest in professional behaviors and contributions to the institution and the broader communities it serves. The primary criteria used to determine merit are:

- **Excellence in Teaching**
- **Quality of Service to the Institution in Support of University Strategic Goals**
- **Quality of Service to the Profession**
- **Contributions to Community Engagement and Impact**
- **For Tenure-track and tenured faculty: Excellence and productivity in Scholarly Work**

Goal 3: External Comparability

Dollars allocated toward this goal are intended to help the institution ensure that its faculty salaries fall within a competitive range relative to comparable peer institutions. The criteria used to determine the need for adjustments are annual comparisons of median NLU salaries by rank and college to nationally validated data on median faculty salaries for an appropriately drawn sample of peer institutions, based on institutional size, budget, and disciplinary composition. The Dean, Provost, and VP of Human Resources will be responsible for reviewing said data and making recommendations to the President for adjustments related to external comparisons.

Goal 4: Economic Factors

This goal is intended to provide faculty who have achieved satisfactory performance evaluations with adjustments to base salary in response to general economic factors such as inflation and salary growth in comparable industries. Growth in mean and median faculty salaries across the institution will be considered each year relative to economic measures such as the Consumer Price Index and/or other regionally or nationally validated economic measures. Such measures will be considered in setting multi-year goals for growth in median salaries across the institution. Such considerations may result in a base increase for all faculty with satisfactory performance evaluations but will not supersede the use of available funds for merit salary adjustments or for individual adjustments to address inequities identified through processes named

earlier in this document.

All salary recommendations will be made to senior management inclusive of the Provost, VP of Human Resources, VP of Finance, by the Dean as part of the regular budget and salary review process. Final approval of all salary adjustments rests with the President of the university.