# Sam Houston State University Human Resources
## Compensation Plan Document
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1. **Philosophy and Principles of Pay**

   1. **Objective:** It is the policy of Sam Houston State University (SHSU) to administer and maintain a classification, compensation and staffing program based on the following principles:
      - Fill every position with the best suited applicant available without regard to race, creed, ancestry, marital status, citizenship, color, religion, sex, national origin, age, disability, veteran status, sexual orientation, or gender identity;
      - Provide for the correct evaluation, description, classification, and compensation of staff positions to ensure equal pay for equal work;
      - Provide the necessary flexibility in the classification, compensation and staffing process to meet the needs of a growing university;
      - Consider the external market value of positions while maintaining internal equity; and
      - Reward and retain employees who exhibit meritorious service.

   2. **Compensation Principles:**
      - The compensation plan is one of the cornerstones of SHSU's Affirmative Action Plan for achieving equal opportunity (please refer to SHSU Finance & Operations Human Resources Policy ER-4, Affirmative Action Plan for additional details). The grouping of like duties and responsibilities under standard position classifications for the purpose of salary determination is basic to meeting nondiscrimination compliance standards and for ensuring equal pay for equal work.
      - The value of staff positions will be based on a blend of various factors:
        - Job related factors such as knowledge (experience), education, required supervision, working conditions, required skills and abilities, and the complexity of tasks performed.
        - Current market supply and demand, inflation factors, pay for similar jobs within the University, and comparative data from other institutions. The pay ranges are sensitive to and take into consideration the prevailing local, state, and national rates of pay which are determined by periodic salary surveys and analysis.
        - Salary levels are also affected by the amount of appropriations received from the Texas legislature. The compensation of all positions will take into consideration available funding.
        - It is the intention of the University to compensate all employees on a fair and equitable basis, and rates of pay will be applied uniformly for all staff positions with similar duties and responsibilities.
      - Performance management is a collaborative effort between employees and managers.
      - The performance management process will provide continuous performance feedback and reward meritorious service.

3. **Communication of Compensation Information:** Although the primary responsibility for administering the classification, compensation and staffing program is vested with the Human Resources Department (HR), it is also the responsibility of all levels of management and supervision to be active participants and contributors to this process by:
   - Recognizing the need for and initiating the necessary actions to accomplish the establishment of new positions and job classification titles; the abolishment of unneeded positions and titles; the revision of outdated job classification descriptions; and the reclassification of existing positions because of significant or substantial changes in duties and/or responsibilities.
   - Actively communicating the pay program and applicable policies to employees on an ongoing basis.
   - Providing employees with their position description and training employees regarding the duties and responsibilities of their positions.
• Effectively communicating expectations and goals to employees in order to achieve meritorious service.

4. **Responsibility of Human Resources:** The HR Department is responsible for developing, implementing, and administering the position classification program. It is vested with the authority to conduct position classification surveys, job audits, prepare and revise position classification descriptions, evaluate jobs, and allocate positions to the appropriate classification. The criteria used to determine classification compensation and salary administration is reviewed by the Associate Vice President for Human Resources and Risk Management to assure Equal Employment Opportunity (EEO) compliance. Any exceptions to, or major revisions in the classification, compensation and staffing program must be approved by the Associate Vice President for Human Resources and Risk Management.

5. **Responsibility of Administration:** Managers are responsible for the salary administration of employees within their organizational unit in compliance with university policies, procedures, guidelines and related regulations, to include:
   - Communicating individual compensation information to employees;
   - Providing current position descriptions to supervisors to assist with training employees;
   - Collaborating with the HR Department on compensation matters, to include revising job descriptions when necessary; and
   - Ensuring salary administration policies and procedures are followed.

6. **Exempt/Non-Exempt Designation:** The Federal Fair Labor Standards Act (FLSA) determines whether employees are subject to or exempt from overtime provisions. If employees are determined to be serving in a non-exempt position, overtime pay or compensatory time must be provided for working more than 40 hours in a defined workweek (Sunday 12:01am until Saturday 12:00 midnight). When non-exempt employees work over 40 hours during their scheduled workweek, they are entitled to time-and-a-half pay or compensatory time calculated at time-and-a-half for all hours actually worked in excess of 40 hours. All overtime for non-exempt employees should be approved in advance by their supervisor.

   The HR Jobs Specification List indicates whether a position is exempt or non-exempt under the FLSA. Additional information about compliance with the FLSA and other work scheduling questions is available in SHSU Finance & Operations Human Resources Policy ER-3, Work Schedules & Employee Compensation. Any questions regarding FLSA designation should be directed to the HR Department at (936) 294-1070, located in the CHSS building, 4th floor, Room 410.

7. **Pay Grade Table:** The HR Department maintains the university pay grade table, which includes a listing for each classification grade minimum, midpoint and maximum salary level. Hourly rates of pay are determined by dividing the annual wage by the standard 2,080 average number of working hours per year. The State Social Security Benefit Replacement Pay is included in the pay grade ranges. Grade level 1 corresponds with the current federal minimum wage.

8. **Payroll Transactions:** Electronic Personnel Action Forms (EPAFs) authorize payroll transactions. Payroll checks will not be generated without a properly completed EPAF for the individual, despite preparation of time sheets and/or leave reports. The EPAFs must be received in the Payroll Office by noon of the second working day after the end of the pay period to be activated for the next payroll date. All EPAFs must process through HR prior to being received by the Payroll Office. The approximate processing time for an EPAF, from department origination to entry into the payroll system, is 10 days. To avoid delays in payroll transactions, all EPAFs should be received in HR on or before the effective date listed on the EPAF. Any adjustments or changes to current employees, such as staff status, job transfers, rates of pay, reclassifications, or accounts should not be retroactive and should be on the beginning of a pay period. At a minimum, HR needs one business day prior to the published Personnel Action Form Deadline in order to process the EPAFs received to the Payroll Office.

9. **Position Classification Descriptions:** All staff positions have a classification description that includes the SHSU position title, EEO skill category, position class, grade, FLSA status, department, education and
experience requirements, nature and purpose of position, supervision given and received, primary responsibilities, and other specifications related to the position. The EEO categories are defined by the Equal Employment Opportunity Commission (EEOC). The guidelines and tests which determine the specific category a job title should be given are also provided by the EEOC. The EEO categories are:

- Administrative
- Faculty
- Professional (Non-Faculty)
- Clerical
- Technical/Paraprofessional
- Skilled Crafts
- Service/Maintenance

The complete list of job duties for each position is maintained at the departmental level. Other job duties necessary for the effective operation of the University are expected to be performed. Any qualifications to be considered as equivalents in lieu of stated minimums require the prior approval of HR. SHSU is an at will employer and drug free/smoke free workplace. Positions designated as security-sensitive are subject to the provisions of the Texas Education Code §51.215, which authorizes the employer to obtain criminal history record information. The pay grade range is inclusive of Social Security Benefit Replacement Pay.

The official position title is used for all HR related records; however, for internal purposes, departments may use a functional or working title. Position descriptions are used to:

- Evaluate and classify positions;
- Communicate to new and existing employees the primary duties, responsibilities and expectations associated with their positions;
- Provide information to determine comparable competitive salaries in the labor market;
- Provide the details to be used in the recruitment and staffing of positions;
- Provide the information necessary for employee relations, such as performance management, employee orientation, grievance resolution, and identification of training and development opportunities; and
- Ensure compliance with related policies, procedures, guidelines and legislation.

10. Unclassified Positions: Each staff position is assigned a pay grade unless it has been designated as unclassified or not classified, which is used for administrative level titles that require extensive and proven qualifications that have salaries set at the executive level according to market trends.

II. Staffing Policies and Procedures

The University believes that it is an institution for all and that access and inclusion improve the educational environment and, in a multicultural society, advance legitimate employment needs and objectives. Accordingly, all persons responsible for hiring shall make vigorous efforts to adhere to principles of equal employment opportunity; strive for fairness and inclusion of all sectors of society; and seek to develop a labor force that reflects the face of Texas.

1. Postings: To assure equal employment opportunity SHSU will make public all job openings for which applicants will be considered. This requires the posting of vacancies for all regular staff non-exempt positions for a minimum of five (5) calendar days and staff exempt positions for a minimum of ten (10) calendar days on the SHSU HR Department website, the Texas Workforce Commission (TWC) website, and other applicable medium.

2. Recruitment: The HR Department staff will coordinate and assist the hiring supervisor with all recruitment activities unless approved in advance by the Associate Vice President for Human Resources and Risk Management. All recruitment activities will be based on the criteria stated in the position posting and will remain consistent with all hiring procedures. Only individuals who have completed an online application will be considered and screened by the HR Department staff. The HR staff will review the applications to determine which applicants meet the minimum requirements for the position. This review will consist of comparing each applicant’s education, experience, and training, to the minimum requirements indicated on the
position posting; and where applicable the combination of education, experience, and training as indicated in
the posting.

3. Applicant Referral and Interviews: The HR staff will electronically refer all of the applicants meeting the
minimum requirements to the hiring supervisor. The hiring supervisor will decide the group of applicants who
will be interviewed. The hiring supervisor will use the screening tools available in the online employment
system or a screening tool or matrix, to evaluate the applicants based on the required knowledge, skills,
abilities, experience and education as outlined in the job posting. During the interview process, the hiring
supervisor will use the job related screening criteria to rate the applicants interviewed.

4. Job Offer and Begin Date: From the group interviewed, and in counsel with HR, the hiring supervisor will
select the applicant to which the job offer will be extended. The selected applicant’s begin date should be
effective at the beginning of a pay period. If the selected applicant is an internal applicant bidding on the job,
HR will assist with coordinating the transfer between the two departments. The transfer should be effective at
the beginning of one of the next two pay periods that is nearest in time to ten (10) work days to allow for an
orderly employee transition to his/her new SHSU position.

The hiring department supervisor may make the job offer to the selected applicant only after confirming with
HR that the following pre-offer procedures have been satisfied:

- The applicant has completed an online application;
- The EPAF and any required attachments are forwarded through administrative approval channels to the
  HR Department;
- The security clearance has been completed for all successful candidates who are new hires. Security
  clearances may also be requested by the hiring supervisor for successful candidates who are current
  employees;
- The EEO/AAP review is complete and approved by the Associate Vice President for Human Resources
  and Risk Management; and
- The job offer is approved by the appropriate Vice President or his/her designated representative.

5. Definition of Promotions and Reclassifications: A promotion occurs when a current employee is selected as
the successful candidate of a posted vacancy that is at a higher grade than the employee’s previous position.
Internal promotions to vacant positions will follow the preceding hiring procedure. A reclassification occurs
when the job duties and/or required qualifications of a position are re-evaluated and the position is assigned a
new classification. The change in job duties, essential functions and/or qualifications of the position should be
sufficient enough as compared to when the position was originally established to warrant a study by HR. A
position that is reevaluated may be assigned a new title and be classified at a lower or higher grade and salary
range. Please refer to SHSU Finance & Operations Human Resources Policy WS-1, Classification of Non-
Faculty Jobs, for more information regarding classification changes.

6. Search Committees: A search committee may be used for Administrative and Professional staff positions.
When a search committee is used, the Associate Vice President for Human Resources and Risk Management
or a designated representative serves as a contact for policy and procedural clarification. The search committee
will use the criteria stated in the position’s posting and will follow all hiring procedures.

7. Temporary and Emergency Appointments: Temporary emergency appointments may be granted when
there is an overwhelming or legitimate business emergency. The hiring supervisor will provide the reason
requesting the emergency hire and must obtain prior approval through the President and the Associate Vice
President for Human Resources and Risk Management. Temporary emergency appointments must be 4.5
months or less. In order to convert a temporary position to a regular appointment, a new position must be
approved and posted in accordance with existing job posting requirements.

8. Student Positions: Student employees must be here primarily for the purpose of going to school and hold a
position which is classified as a student job. They must be currently enrolled at SHSU, and should carry at
least six (6) semester hours during the Fall and Spring semesters. To be eligible to work during the summer if
not enrolled, they must have been enrolled as described above during the preceding Spring semester, or registered for the next Fall semester. Students who withdraw or fail to make satisfactory academic progress are immediately ineligible for student employment. Enrollment in courses that are not eligible for financial aid does not qualify as eligible semester hours for student employment (e.g., correspondence courses, etc.).

9. Faculty Appointments: Please refer to Academic Policy Statement 800114, Academic Instructional Staffing, for details regarding faculty appointments.

10. Benefits Eligible (Regular) Employee: A regular benefit eligible employee is a staff or faculty employee who is employed by the university at least .50 FTE (half-time, 20 hours per week); appointed for a definite period of 4 1/2 months or a full semester of more than 4 months; is employed for the primary purpose of earning a living, but also may be a part-time student; and holds a position that has a classified staff, administrative staff, or faculty title. Benefits eligible employees will normally be paid on a salaried basis. Non-exempt, non-benefits eligible employees will normally be paid on an hourly basis.

11. New Employee Benefit Orientation: All benefit eligible employees should complete the New Employee Benefit online Orientation on or before their first active duty date, to be properly placed on the payroll and enrolled in insurance and retirement programs. Please refer to SHSU Finance & Operations Human Resources Policy E-5, New Employee Benefits Orientation for additional details.

III. Salary Administration

1. Hiring Rate: New employees normally will be compensated at or near the minimum level of the salary range applicable to their job classification. State Social Security Benefit Replacement Pay is included in the minimum pay level. Under special circumstances, the Associate Vice President for Human Resources and Risk Management may authorize a starting salary above the minimum of the salary range. Examples of when exceptional hiring rates may occur include the following:
   - Exceptional Qualifications - The individual has directly related work experience and/or formal education or training substantially above the minimum requirements specified for the job.
   - Labor Market Going Rate - The going rate in the labor market is substantially higher than the minimum rate making it virtually impossible to hire a well-qualified individual.

2. Maximum Rate: The salary of an employee will not exceed the maximum rate of the salary range applicable to the employee’s position except when approved for seniority merit pay or an exception approved by the President.

3. Promotion Rate: When an employee is promoted to a position of increased responsibility requiring a change of title and having a higher salary range, the employee should receive the greater of either a salary adjustment to the minimum of the salary range of the new position or a salary that is 5% above the employee’s salary before promotion. A salary increase in excess of the 5% promotional adjustment described above may be proposed by providing proper justification, usually based upon additional experience and qualifications or market value for administrative positions, with approval from the Associate Vice President for Human Resources and Risk Management and Divisional Vice President. A hiring department may recommend a rate of pay that is within the pay range but below the 5% promotion increase due to budget or other considerations.

4. Demotions: When an employee changes to a position requiring a change of title to one having a lower salary range, the employee’s salary will be adjusted to an appropriate level within the new salary range as agreed upon by the department authority and Associate Vice President for Human Resources and Risk Management. If the employee previously accepted a promotion within the department and then requests to move back to the previous position (as a demotion), the pay will normally be lowered by the same amount the employee received from the promotion, unless justified by the department authority and approved by the Associate Vice President for Human Resources and Risk Management. An employee should not receive an increase in pay as a result of a demotion.
5. **Lateral Transfers:** When an employee is transferred laterally to another position having the same or different title, but the same salary range, the employee will normally be given the same salary as before the transfer. With proper written justification and approval of the Associate Vice President for Human Resources and Risk Management and Divisional Vice President, an employee may receive a salary increase as the result of a lateral transfer.

6. **Trainee Rate:** A trainee rate is a special rate of pay applied to a position that requires formal and/or on-the-job training before the incumbent can perform the duties of the position with minimal efficiency. The trainee rate of pay will be determined based upon the employee’s qualifications, and is normally set at an appropriate rate below the minimum of the salary range applicable to the position. The trainee rate is normally necessary only when there has been a deficient job search of qualified applicants. However, it may be recommended as an aspect of employee development to provide promotional opportunities to current employees. The length and type of training program should be delineated, communicated to the incumbent, and usually will continue until the trainee has satisfied the minimum job specifications, obtains special certification/training, and/or has obtained a combination of education, experience, and training that will produce the required knowledge and abilities for the position. It is the responsibility of the supervisor and/or department authority to initiate the necessary action to accomplish the salary adjustment for the employee following successful completion of the training period. A trainee rate requires prior approval by the Associate Vice President for Human Resources and Risk Management.

7. **Market Adjustment:** The value of all jobs is influenced by the going rate in the labor market. In some cases the market value of a job is the most appropriate measure in establishing the salary. A market adjustment is allowed when necessary to stay competitive in the labor market. To make a market adjustment to a staff job, the department authority should contact HR for details on the collection of relevant data and how to prepare the proposal. Market adjustments should be presented during the annual budget preparation process in ample time to be included in the next fiscal year budget. Adjustments must not be retroactive.

8. **Merit Pay Increases:** Merit salary increases may be granted to staff employees whose job performance and productivity is consistently above that normally expected or required (Meritorious Service). A merit pay increase may be requested by the supervisor as a result of the Annual Performance Appraisal (refer to SHSU Finance & Operations Human Resources Policy ER-6, Staff Evaluation System for details). The request is submitted by the employee’s immediate supervisor, through administrative channels, to the Budget Office.

9. **Special Merit Pay Increase:** Under special circumstances a merit pay increase may be approved by the University President. To request a special merit pay increase, a Staff Performance Evaluation Form (SPE) and an EPAF approved by the department authority and the Division Vice President must be submitted to the Associate Vice President for Human Resources and Risk Management at least one pay period prior to the effective date. The Associate Vice President for Human Resources and Risk Management will assure compliance with SHSU policies and procedures, evaluate the justification, and make a recommendation to the President.

10. **Seniority Merit Pay:** Seniority merit pay allows employees with a minimum of ten years of service at SHSU who have reached the maximum pay level for their current job classification to receive a merit pay increase based on meritorious service. The seniority merit pay allows employees to exceed the maximum of their job classification pay range based on years of service at SHSU as follows:

<table>
<thead>
<tr>
<th>Years of Service</th>
<th>% Added to Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>10-14</td>
<td>10%</td>
</tr>
<tr>
<td>15-19</td>
<td>15%</td>
</tr>
<tr>
<td>20+</td>
<td>20%</td>
</tr>
</tbody>
</table>

**Six-Month Pay Adjustment:** New employees (external hires with either no prior SHSU employment history or 30 day break in service as defined by the State) may, at the discretion of the supervisor, receive a six-month pay adjustment, not to exceed 6%, upon completing six months of service. This is not considered a merit pay increase. It will be the responsibility of the supervisor to evaluate the employee’s performance, complete a Six-Month Review in the Talent Management system and process the six-month pay adjustment at a time as
near as possible to the completion of six months in the new job. The amount of adjustment is based on the progress the employee has made in successfully fulfilling the requirements of the job and for outstanding performance. An EPAF, with appropriate justification, is submitted to process a six-month pay adjustment. Adjustments must not be retroactive.

11. Special Duty Pay: The Appropriations Act does not provide for bonus pay or the augmenting or supplementing of an employee’s salary with state funds unless specific grants of authority are provided by law or act. However, state employees when approved in advance by administration are eligible for extra duty pay and/or a pay differential for certain tasks that are not a part of their regular duty assignment. These tasks are usually temporary, occasional, sporadic and/or for special duties:

- **Temporary Assignment** - To facilitate the work of the University during emergencies or other special circumstances, an employee may be assigned temporarily to other duties for a period, usually not to exceed six (6) months, and during that time, may receive the appropriate rate of pay for the temporary assignment.
- **Extra-Duty Pay** - This is for services performed outside the regular duty assignment such as professional services explained in Academic Policy Statement 940202, Payments to University employees for services, and for non-related regular duty tasks such as but not limited to score keeping, test proctoring, ushering, etc.
- **Pay Differential** - A pay differential is a rate added to an employee’s regular rate of pay for services performed during their regular duty schedule that is not required in their regular duty assignments. Usually, the pay differential is for only the time spent on the special assignment. An example of a special duty assignment could be asbestos abatement.
- **Standby and Call-In Duty Pay** - This is an agreed upon amount of pay for such services performed as explained in the SHSU Finance & Operations Human Resources Policy ER-3, Work Schedules and Employee Compensation, item number 10.
- **One-Time Payments** - This is a method of payment used to process salary payments for services performed for a variety of different tasks. It may be used to process payments for professional services, a temporary assignment, extra-duty stipend, a pay differential or to pay an employee hired only for a temporary job. The timing and frequency of one-time payments is determined in advance by the Dean or Program Director and Vice President. The “comments” section of the EPAF should include a justification of the one-time payment amount, stating the hours or period worked and hourly rate. All payments to employees are governed by the provisions of the Fair Labor Standards Act, U.S. Department of Labor regulations, and as such may be subject to overtime or compensatory time for non-exempt employees.

12. Longevity: Each SHSU employee who meets the eligibility requirements is entitled to longevity pay at the rate of $20.00 per month for each two (2) years of lifetime service credit, up to a maximum of forty-two (42) years of service which pays $420 per month. An employee’s status at the beginning of the month determines the longevity pay for that month. Longevity pay is limited to regular full-time, non-academic employees who are not eligible for hazardous duty pay.

13. Hazardous Duty Pay: All commissioned law enforcement personnel including all law enforcement officers of state higher education institutions and certain non-student security officers are eligible for hazardous duty pay of $10 per month for each 12-month period of hazardous duty lifetime service credit. The calculation of hazardous duty pay is based upon the total number of eligible years worked in a position requiring state hazardous duty.

14. Student Wage Rate: A student employee (nonexempt hourly) is an individual whose association with the University is for the primary purpose of furthering her or his formal education. Hourly student employees may work 28 hours per workweek or less. The student employment process is decentralized to the hiring supervisor, Office of Financial Aid for college work study students, and University Colleges and Academic Affairs for student teaching positions such as assistant instructors and doctoral fellow. The respective employing areas are responsible for setting the rates of pay on an equal pay for equal work basis. Please see Finance & Operations Human Resources Policy E-7, Student Employment Posting, for job posting details. Undergraduate student positions usually receive a base pay rate determined by current federal minimum wage. Graduate Teaching Assistant and Doctoral Fellow positions have a base pay rate as established by the University Colleges and
Academic Affairs. When the proposed salary for undergraduate student assistant positions is greater than the current minimum wage, or when the proposed salary for non-doctoral, research, and graduate assistant positions is greater than the current Graduate Teaching Assistant base rate, a written justification of the proposed salary may be required by the Associate Vice President for Human Resources and Risk Management on the EPAF.

IV. Reclassification, New Position & Additional Pay Review Process

1. Timeline for reclassification requests: Reclassifications of existing positions are processed in accordance with the needs of the University on an as received basis with a maximum sixty (60) calendar day window to complete. In order for reclassifications and new positions to be processed, the required approved documentation is electronically submitted to Human Resources through the Position Management system:
   1) Job Analysis Questionnaire
   2) Staff Additions/Changes information
   3) New or revised job description

Reclassification of existing positions is limited to no more than once every two years. With Vice President approval, exceptions will be considered during complete departmental reorganizations.

Additional information concerning job reclassification processes and procedures is available on the Human Resources website.

2. Definition of classification request and who initiates the process: A reclassification is a formal study of the duties and responsibilities that comprise a position, taking into consideration the nature and level of work performed and the specifications required for an incumbent to perform the job completely. It is the responsibility of all levels of management and supervision to assist in its administration by recognizing the need for and initiating the necessary actions. A classification request can involve the creation of a new position or the reclassification of an existing position. The Associate Vice President for Human Resources and Risk Management, Divisional Vice President, or department authority may initiate a job reclassification study.

3. Definition of new position and new position title: A new position is the creation of a new salary item that will result in the addition of personnel not currently on payroll. A position title that currently does not exist in the Comprehensive Personnel Pay Plan is considered a new position title. HR establishes the title position number and determines the applicable salary grade for the position. The proposed classification description is also revised and evaluated by HR before final approval.

4. Difference between a reclassification and a promotion: A reclassification occurs when the job duties and/or required qualifications of a position are re-evaluated and the position is assigned a new classification. The re-evaluation of job duties and/or qualifications should be sufficient enough to warrant a study by HR and make a change to the essential functions of the position or required qualifications as compared to when it was originally established. A position that is re-evaluated may be assigned a new title and be classified at a lower or higher grade and salary range. A promotion occurs when a current employee is selected as the successful candidate of a posted vacancy that is at a higher grade than the employee’s previous position.

A reclassification request is necessary in order to:

- Establish a new position and job classification title;
- Abolish an unneeded position title from the pay plan;
- Revise an outdated classification description; and/or
- Reclassify an existing position because of significant or substantial changes in duties and/or responsibilities.

5. How HR determines a job classification title and grade: HR evaluates the information submitted and conducts a formal study of the job duties and responsibilities. The job’s level is based on the required education, experience, and knowledge, the amount of work direction received, supervision of other employees, decision making authority, organizational impact, and special skills required by the position. Based upon the
information provided and the revised/new job description, HR completes a classification study and assigns the position’s grade level. Surveys and market research are conducted, when necessary, to help assure job descriptions and titles remain current and relevant.

6. **Salary Considerations:** A reclassification should only result in a salary increase when a position is upgraded and an increase is required to bring the incumbent’s salary up to the minimum of the higher pay grade level. When incumbents are reclassified to another job with the same pay grade, regardless of the department funding account, this is considered a lateral move and results in the incumbent maintaining the same rate of pay. When a reclassification results in changing an employee to a lower pay grade level, their salary should be set at a rate within the pay range of the new title as determined appropriate by the department authority and the Associate Vice President for Human Resources and Risk Management. If a salary decrease is required to bring the incumbent’s salary within the range of the new pay grade level, the incumbent’s salary should be set at a rate within the new salary range as determined appropriate by the department authority and the Associate Vice President for Human Resources and Risk Management.

7. **Departmental Reorganizations:** Departmental reorganizations may or may not necessitate a job classification audit. Normally, when incumbents within a department are changed to another position with the same pay grade, regardless of the department funding account, this is considered a lateral move and results in the incumbent maintaining the same rate of pay. Care should be taken to ensure the incumbent meets the minimum qualifications when a different title is involved. When the reorganization requires a change in job classification to one with a different pay grade level or occupational category, a *Job Analysis Questionnaire* is usually completed and a job audit conducted to verify proper classification. If the reorganization results in changing an employee to a lower pay grade level, their salary should be set at a rate within the pay range of the new title as determined appropriate by the department authority and Associate Vice President for Human Resources and Risk Management. It is the responsibility of the department authority to coordinate and obtain approval of the Vice President and Associate Vice President for Human Resources and Risk Management for any departmental reorganization that will result in a change of pay or title for an employee.

8. **Employees Paid Outside the Pay Range:** As needed and upon request, reports identifying employees paid outside and at the top of their designated pay range may be provided as Human Resources monitors staff employee salaries. These reports can be used to evaluate if a classification review should be conducted.

9. **HR Contacts for Classification Process:** Please contact the Human Resources Specialist for Staff Wage & Salary Administration at 936-294-4409 or the Assistant Director of Human Resources for Compensation and Classification at 936-294-2329, if there are any questions regarding the classification process.

V. **Determining Contract Labor and Independent Contractor Status**

It is the policy of Sam Houston State University that all independent contractors providing services to the University be properly classified and compensated based on their contract labor status, and that their classification as independent contractors be closely evaluated and monitored to verify eligibility for non-employee status.

1. **Internal Revenue Service (IRS):** The IRS uses three (3) categories to determine whether an individual is a “common law” employee or an independent contractor:
   - Behavior Control – facts that show whether the university has a right to direct and control how the worker does the task for which the worker is hired;
   - Financial Control – facts that show whether the university has a right to control the business or financial aspects of the worker’s job; and
   - Type of Relationship – these relationships include those established by written contract, whether the university provides the worker with employee-type benefits, the permanency of the relationship, and the extent to which services performed by the worker are a key aspect of the regular business of the University.
2. **Fair Labor Standards Act (FLSA):** The FLSA defines an independent contractor as anyone who passes the “economic reality test.” This test determines whether an individual is economically dependent on the University for support or is, as a matter of economic fact, in business for him or herself. The courts focus on six (6) factors to apply this test. These are the factors that the University must consider in order to determine whether an individual is an employee or independent contractor:

- The extent to which the worker’s services are an integral part of the University’s business;
- The permanency of the relationship;
- The amount of the individual’s investment in facilities and equipment;
- The nature and degree of control by the University;
- The opportunities for profit and loss; and
- The level of skill required in performing the job and the amount of initiative, judgment, and foresight in open market competition with others required for the success of the claimed independent enterprise.

3. **Texas Workforce Commission (TWC):** The TWC presumes that anyone who provides services for the University is an employee until the University proves that it has no right to exercise direction or control over the work performed.

4. **Legal Considerations:** The IRS has the authority to assess penalties for failure to file employment taxes. The Department of Labor and the courts have the authority to determine whether individuals are employees or independent contractors in disputes over the applicability of overtime provisions of the FLSA and to grant back pay as required. The TWC conducts audits of employer accounts to ensure compliance with the Texas Unemployment Commission Act. The TWC has the statutory authority and legal obligation to determine whether individuals are employees or independent contractors and to assess back taxes, penalties, and interest as required.

5. **Procedure:** Departments are highly encouraged to contact HR, Payroll, or Disbursements when assistance is needed for making a determination about payments to independent contractors. Generally, payments to individuals are processed through the Payroll Department as an employee payment unless instructed otherwise by HR, Payroll, or Disbursements personnel.

For additional information regarding the classification, compensation or staffing program, please contact the HR Department at 936-294-1070 or access our webpage: [http://www.shsu.edu/~hrd_www/](http://www.shsu.edu/~hrd_www/).