

# Procedure for Determining a Demotion Pay Adjustment Outcome

## I. CORRESPONDING POLICY AUTHORITY: Policy on Establishing Base Pay

## II. PROCEDURE STATEMENT

Auburn University establishes base pay levels for regular non-faculty employees in compliance with the university's [Policy on Establishing Base Pay](#). The university pays employees based on 1) the job content value of the work being executed, and 2) the measured value of an individual's work-related attributes and qualifications (knowledge, skills, and abilities) directly compared to the minimum requirements of the job as published on the job description.

Through the normal course of business operations, it may be appropriate that an employee move, whether **voluntarily** or **involuntarily**, from one position and job to a different position and job having a lower job content value, whereby the ending job is allocated to a lower pay grade range in the current job's job family pay structure, or to a different position and job in a different job family pay structure whereby the pay grade range reflects a lower value. This action is defined as a demotion. To identify whether the move is designated as a demotion move, the following pay range comparison will exist:

- A. **SAME** Job Family Pay Structure: A demotion move occurs when the new job is allocated to a lower pay grade range within the same job family pay structure as the employee's current job.
- B. **DIFFERENT** Job Family Pay Structure: A demotion move occurs when the new job is allocated to a different job family pay structure, and where new job's pay range midpoint is **5% or more below** the pay range midpoint of the employee's current job assignment.

In both cases, the jobs are considered "lower-valued" jobs, and the move is considered a demotion move. The underlying reasons for the demotion move will guide the determination of whether a pay adjustment recommendation is warranted. Using the university's Pay Evaluator<sup>®</sup> ensures that demotion pay adjustment recommendations are the result of well-informed and unbiased pay decisions. See related [Procedure for Using the Pay Evaluator<sup>®</sup>](#).

## III. Related Policy(s) and Procedure(s)

- A. [Policy on Establishing Base Pay](#)
- B. [Procedure for Using the Pay Evaluator<sup>®</sup>](#)
- C. [Procedure for Developing a Pay Alignment Adjustment](#)

## IV. DEVELOPING A DEMOTION PAY ADJUSTMENT OUTCOME

The underlying reasons for the demotion move will guide the determination of whether a demotion pay adjustment is warranted – as a pay adjustment increase, decrease, or no pay adjustment. Using the university's Pay Evaluator<sup>®</sup> in accordance with the [Procedure for Using the Pay Evaluator<sup>®</sup>](#), the responsible supervisor, designated Human Resources Liaison and University Human Resources Compensation & Classification staff collaborate to determine an appropriate pay decision outcome.

- A. **Involuntary:** A demotion is involuntary when initiated by university management in response to the employee's performance deficiencies in the current role or area of discipline. As a result, the employee could be involuntarily moved to another position and job of lower job content value (see II. Procedure Statement, above); with a different role or area of discipline, or in a different organizational unit; however, whereby management believes that the employee can successfully and fully meet the new position's performance expectations. A Pay Evaluator<sup>®</sup> is completed to determine whether a demotion pay adjustment action reflecting the circumstances is warranted. As this action is a result of performance deficiencies, the Pay Evaluator<sup>®</sup> criteria rating selected for performance will default to a "meets" expectations "3" rating.

### **Involuntary Demotion Pay Adjustment Determination:**

- 1) If an employee's **current pay level is below** the Pay Evaluator's suggested interval high, but above the newly assigned pay grade range lower reference (minimum), no demotion pay adjustment increase will be approved. A recommendation for a **pay adjustment decrease** to no less than the newly assigned pay grade range minimum may be recommended.
  - 2) If an employee's **current pay level is above** the pay evaluator's suggested interval high, a demotion **pay adjustment decrease** must be recommended to place the resulting pay level at or below the pay evaluator's suggested interval high. The performance criteria will default to a "meets" expectations "3" rating and there will not be sufficient justification for a pay level above the suggested interval for the new job.
- B. **Voluntary:** A position reduction action is voluntary when initiated by the employee and is the result of the selection of the employee for a vacant and posted position through the competitive selection process. In this case the employee voluntarily moves to another position with a job of lesser job content value (allocated to a lower pay grade range) with a different role or discipline.

### **Voluntary Demotion Pay Adjustment Determination:**

- 1) If employee's **current pay level is below** the pay evaluator's suggested interval high, a demotion **pay adjustment increase** may be recommended by the hiring department to position the employee's pay appropriately within the suggested interval, or with approved justification, above the suggested interval high, not to exceed the pay grade range upper reference (maximum).
  - 2) If employee's **current pay level is above** the pay evaluator's suggested interval high, but below the pay grade range's upper reference (maximum), the hiring department may recommend a demotion **pay adjustment decrease** to position the employee's pay appropriately within the suggested interval or, the employee's pay level can remain unchanged.
  - 3) If the employee's current pay level is above the pay grade range upper reference (maximum), a demotion **pay adjustment decrease must** be recommended, thus placing the resulting pay level at or below the Pay Evaluator's suggested high interval, unless an approved justification warrants a pay level above the suggested interval high, but below the pay grade range upper reference (maximum).
- D. **Note:** The employee's resulting pay level from this action may be a "triggering event" that warrants a "pay alignment review" for eligible employees when a potentially unjustifiable pay compression or inversion is, or soon will be, occurring relative to another position classification or employee's pay. See related [Procedure for Developing a Pay Alignment Adjustment](#).

## **V. APPROVAL AND FUNDING OF BASE PAY DECISIONS**

- A. Demotion pay decision actions require at least two levels of direct supervisory/managerial approval signatures within the relevant organizational hierarchy, as well as the signature of the designated Human Resources Liaison. Each division, department, and college may have additional approval signature requirements. Contact your designated Human Resources Liaison for additional information.
- B. All pay actions for employees appointed to jobs in the Information Technology Job Family – central office and distributed, require the review and approval of the Vice President and Chief Information Officer, or authorized designee.
- C. Funding and approval of pay actions are the responsibility of the divisional leadership in accordance with established operating budget funding policies and procedures.

## **VI. DEFINITIONS**

The following are definitions that inform the administration of this procedure:

**Lower-Value Pay Grade Range:** Pay grade ranges in the same job family structure that have lower pay range

midpoint values. Pay grade ranges in differing job family pay structures are defined as “lower value” when the pay range midpoints are **5% or more below** the pay range midpoints of other pay range midpoints to which they are compared.

**Pay Evaluator:** A systematic, disciplined, equitable, and fiscally responsible pay decision support-tool for supervisors and managers. See related [Procedure for Using the Pay Evaluator®](#).

## **VII. EFFECTIVE DATE**

September 15, 2023

## **VIII. PROCEDURE ADMINISTRATION**

**Responsible Office:** University Human Resources; Classification & Compensation

**Responsible Director:** Director, Compensation and Classification

**Responsible Administration Manager:** Manager, Compensation Administration

## **IX. INTERPRETATION**

Responsible Director: Director, Compensation and Classification