

# Compensation Change

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## Overview

In alignment with our company's mission and values, the company offers competitive wages. If a wage adjustment occurs due to a promotion, merit increase, demotion, or other various reasons, it will be fair and consistent. The Human Resources Shared Service Center (HRSSC) will help administer wage adjustments.

- All Change events must be initiated in ExpressHR.
- Routine wage increases happen automatically in the payroll system.



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## Procedures

1. Verify you are working from the most current annual Compensation (Salary) Plan sent from the HR department for salaried and hourly non-wage progression associates.
  - a. If there are any deviations from the salary budget due to performance rating, contact your HR department for guidance.
  - b. All scheduled wage progression changes are handled automatically in the payroll system. In rare situations where Experience Credit is given after hire, proceed to Step 3 and select Experience Credit for Change Reason in Step 4.
2. Confirm the associate's PED has been completed.
  - a. For divisions who complete the compensation change and PED in alignment, submit the PED in conjunction with the compensation change to the HR department.
  - b. For divisions who complete the compensation change at a different time from the PED, verify that the PED has been completed and previously submitted to the HR department in accordance with division practice.
3. Initiate the Compensation Change event.
4. Select the **Compensation Change Reason** from the drop-down menu on the Compensation Change Reason screen.
  - a. **No Change** – This will never be selected for the Compensation Change event.
  - b. **Merit Increase** – Scheduled increases given based on PED performance (typically the most common Compensation Change Reason).
  - c. **Promotional Increase** – Increase given due to a promotion.
  - d. **Reclassified** – Increase given when a job is reclassified.
  - e. The following reason codes are not applicable:
    - **Experience Credit** – Credit given at the time of promotion/job change for union associates, for hourly wage progression associates only.
      - Select this Compensation Change Reason option for a New Hire that was entered without experienced credit.
    - **Length of Service Increase** – Union scheduled merit increase, for hourly wage progression associates only.
    - **General Wage Increase/Apprentice Raise** - Contractual increase, for hourly wage progression associates only.
    - **Wage Schedule Change/Contractual Increase** – Increase given for ASP or when associates transfer from one division to another, for hourly wage progression associates only.
  - f. For the following Compensation Change Reasons, contact the Human Resources Shared Service Center (HRSSC) at 1-800-952-8889, when prompted say "ExpressHR" or enter 47.
    - **Special Adjustment** - A premium or special wage change that resets wage accumulators.

- **Minimum Wage Increase** - A minimum increase, including those based on age.
  - **Decrease** – A reduction in salary based on a demotion.
  - **COLA** – An adjustment given for cost of living and is currently not used.
  - **Deferred** – A scheduled merit increase that is postponed.
  - **Lump Sum** – A one- time monetary payment.
5. Update all fields on the Pay Details screen.
- a. For salary and non-wage progression associates only:
- **Percent of Work Week** – Enter 100% for full-time associates and the applicable amount for part-time associates (this field is for salary associates only who are working less than a full-time salaried schedule).
  - **Compensation Effective Date** – Enter the date that the associate’s new pay begins. Sunday effective dates must be given for hourly associates.
  - **Level** –
    - For merit increases, enter the associates current level (Click the View Profile link on the upper right-hand corner for this information).
    - For promotional increases, select the associate’s new level (Make sure the new level matches the job offer, promotion, length of service, etc. notification that is sent from the HR department).
  - **Pay Rate** – Enter the amount of wages paid per hour.
  - **Full-Time Annual Salary** – Enter the associate’s new salary dollar amount with all increases included (this is for salary associates only).
  - **Full-Time Bonus Potential/Bonus Potential** – This field defaults based on the level entered for the associate.
  - **Bonus Potential Effective Date** – This field defaults to current bonus effective date on the associate’s record. Enter a new date only if the associate’s level changes.
  - **Next Salary/Wage Review Date** – Date of the associate’s next salary review (The next PED date is entered in a different field and is not necessarily the same as Next Salary Review Date).
  - **Part-Time Annual Salary** – Application calculates based on full-time annual salary entered and percent of work week (this field is for salary associates only).
  - **Part-Time Bonus Potential** – This field defaults based on full-time bonus entered and percentage of work week (this field is for salary associates only).
- b. For hourly wage progression associates only:
- **Pay Step/Pay Rate** – Based on the Pay Detail screen selection, choose the correct rate.
    - If experience credit applies, select rate based on experience credit.
  - **Pay Rate** – Based on Pay Step/Pay Rate selected, this field defaults
  - **Accrued Credit Units** – Select one of the following based on the contract:
    - Hours
    - Days
    - Weeks
    - Months
  - **Accrued Credit Quantity** – Based on the Accrued Credit Units selection, enter the amount of credit granted from previous job experience.
6. Confirm and Acknowledge the Compensation Change information.
7. Track the status of the event using your Workbox link.

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## Frequently Asked Questions

1. What are my responsibilities?
  - Verify that you are working from the most current Compensation (Salary) Plan.
  - Confirm that the associate’s PED has been completed where applicable.
  - Initiate, confirm, acknowledge and track the Compensation Change event.

2. What is a Salary Plan?
  - The Compensation (Salary) Plan is a spreadsheet that managers use to determine what they are going to pay their associates in the coming year based on the merit pool determined by the Company.
3. How will I know if I am working from the latest Compensation (Salary) Plan?
  - First check the date on the Compensation (Salary) Plan.
  - Contact the HR department if you are not sure you are working from the latest plan.
4. What if the compensation change is outside of the Compensation (Salary) Plan?
  - Contact the HR department for guidance.
5. When should I initiate a Compensation Change event?
  - Requests should be made the week before the new rate is effective.
6. What are some reasons why I would initiate a Compensation Change event?
  - A compensation change may occur for various reasons such as merit increase, length of service increase, experience credit, general wage increase/apprentice raise, promotional increase, reclassification, wage schedule change/contractual increase, special adjustment, minimum wage increase, decrease, COLA (Cost of Living Adjustment), deferred, lump sum, etc.
7. If I have a group of associates going to the next scheduled rate increase, according to the wage scale, will I need to change all of my associates' rates manually in ExpressHR?
  - No. You are not required to make adjustments for each associate. Scheduled rate increases are handled automatically within our payroll system.
8. What amounts should be used for the **Full-Time Annual Salary/Full-Time Bonus Potential** or **Pay Rate/Bonus Potential** fields?
  - Use the amounts listed in the offer letter for the associate.
  - If you have further questions, contact the HR department.
  - Once the Level and Full-Time Annual Salary/Pay Rate any Bonus Potential is populated based on the standard for that level.
9. What date should be used for the **Compensation Effective Date** field?
  - The month, day, and year the associate will receive the new compensation rate.
10. What date should be used for the **Bonus Potential Effective Date** field?
  - The month, day, and year the associate is eligible for the bonus.
11. What date should be used for the **Next Salary Review Date** (salary only) field?
  - The next month, day and year that your associate's salary is schedule to be reviewed.
12. What date should be used for the **Next Wage Review Date** (hourly non-wage progression only) field?
  - The next month, day and year that your associate's wages are scheduled to be reviewed.
13. How can I track the status of this event?
  - If the request is waiting on approval from the HRSSC or a Reviewer, the request will be in your Outbox Pending.
  - If the request is approved or rejected by the HRSSC or a Reviewer or if the event has expired, the request will be in your Outbox Complete.  
**Note:** If the event is rejected, a business-related reason is available in the **Comments** field.
14. When will my event expire?
  - Your event expires within 12 days if no one approves your request.

15. What happens if the event expires or is rejected?
- If an event expires or is rejected by the HRSSC or Reviewer:
    - The event must be reinitiated (if applicable).
    - Follow up with the HRSSC and/or Reviewer at 1.800.952.8889 say Express HR or key 47#.
16. When will my associate see the changes in ExpressHR?
- Once applied in payroll, the change is reflected in ExpressHR.

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## Reference

Please refer to the following for more details:

- Business Ethics Policy
- Performance Excellence Discussion (PED) Form and Guide
- Protection of Confidential Information
- The Kroger Co. Values Statement

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## Definitions

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