March 9, 2019

TO: Academic Deans
    Vice Presidents

FROM: Bryan Garey, Vice President for Human Resources
      Tim Hodge, Associate Vice President for Budget and Financial Planning

SUBJECT: 2019-20 University and Classified Staff Merit Process

The Commonwealth has approved an across-the-board increase for Classified Staff of 2.75%, as well as a merit-based pool for Classified Staff of 2.25%. For University Staff, a merit pool of 2.75% has been approved. The merit-based portion of the increase for both Classified and University Staff is intended to recognize individual performance; therefore, individual salary adjustments are expected to vary, while unit averages are expected to achieve the overall minimums described above. These increases are effective June 10, 2019.

The university’s staff merit process is intended to reward and recognize the performance and contributions of staff members in their areas of service to the university. This process enables supervisors to evaluate the performance of each staff member and to recognize that performance differentially based upon each staff member’s individual performance.

Please review the following instructions to prepare for the upcoming staff merit review. In general, this merit adjustment process will be consistent with the process used in the past with a few changes; please read the instructions carefully.

This program is designed to emphasize merit-based recognition and provide supervisors with the flexibility to differentiate pay increases and reward performance of staff members. Performance evaluation ratings from employee evaluation in October 2018 should be used as a reference point to guide merit pay decisions.

**Eligibility Criteria**

- Staff hired prior to March 11, 2019 are eligible to participate in this merit process.

- Staff with an original hire date prior to March 11, 2019 who accept a new position on or after March 11 may not be eligible for a performance-based merit increase in this process. It is generally expected that compensation be negotiated into the starting salary of the new position, and that merit be rewarded only once performance can be adequately evaluated. If consistent with the terms of the new position, staff members who accept a new position within the same Senior Management Area and whose performance over the prior year can be holistically evaluated may be eligible for the merit process.
**Merit Process**

- The Commonwealth has implemented two separate processes for Classified and University Staff; therefore, while the programs are similar, please pay particular attention to the differences detailed below.
- The merit system will calculate the average increase for the two employee groups separately. Resources cannot be shared between the two employee groups.

- This compensation program consists of two components: a base increase for Classified Staff, and a merit-based increase for both Classified and University Staff.
  - **Base increase (Classified Staff Only):** All Classified Staff with a performance evaluation rating of at least “Developing Performance” on the most recent evaluation will be pre-loaded with a 2.75% base increase. This cannot be changed.
    - No base increase is provided for University Staff.
  - **Merit increase (All Staff):** All Classified and University Staff with a performance evaluation rating of at least “Developing Performance” on the most recent evaluation are eligible for a merit increase.
    - **Classified Staff:** Merit increases should average 2.25% across the senior management area. Units cannot supplement the Classified Staff merit pool.
    - **University Staff:** Merit increases should average at least 2.75% percent across the senior management area. Units may supplement the merit pool for University Staff.
    - Employees with a performance evaluation rating of “Unacceptable Performance” may not be awarded a merit increase.
    - Merit should be awarded based upon the results of the most recent evaluation.
      - Merit increases for “Model Performance” should be higher than those for “Strong Performance,” which are also expected to be higher than those for “Developing Performance.” Supervisors are responsible for applying merit increases in a fair and consistent manner based on their evaluation of employee performance.

- The fund source(s) used for the merit increase should be the same fund sources(s) from which the employee is normally paid. E&G budget allocations will be distributed once recommendations are approved and the actual cost is computed in each senior management area.

- The administrative supplement will not be changed by the merit process, but should be included in the total base salary upon which the merit increase is calculated. The entire merit increase will be applied to the base salary.

- Employees who receive Temporary Pay, Cost of Living, or Shift Differential supplements will be awarded merit pay on the base salary only.

- The StaffSal database will contain salaries that are effective in Banner on March 25, 2019.

**Additional Considerations**

- The merit increase shall be *performance-based* and should distinguish top performers. If adjustments are needed for change of duties, market alignment, KSA’s, or retention, the
Commonwealth of Virginia’s in-band adjustment process must be utilized. Those colleges who will complete their annual in band adjustment program prior to May 10 can continue to work with Human Resources to process pay adjustments but must adjust the starting pay of each affected employee in the StaffSal system prior to applying the merit award.

- In-band adjustments should NOT be submitted for staff with effective dates between May 10, 2019 and June 10, 2019.

- A comment is required to provide a brief explanation for especially high (greater than 5.0%) and especially low (less than 1.0%) adjustments.

- Staff on leave without pay (LWOP) should be in your pool and should be considered for a merit increase, although they would not receive the increase until their return. Like other employees, merit decisions must also be based upon performance. Staff on leave with pay should be included.

- Staff on 10, 11, or 12-month appointments should appear at their 10, 11, or 12-month salary with the raise proportional to the current salary.

- Where the new salary exceeds an employee’s pay band maximum, the amount exceeding the maximum will be paid as a one-time, lump-sum payment.

- Staff members on RESTRICTED appointments are included in the senior management area merit action listing. Those whose appointments are expected to continue should be included in the merit process. If they are not eligible for an adjustment because of a short-term appointment, then use the low merit comment to remove them from the process.

- Staff will be listed in their home senior management area. If their salary is paid by multiple senior management areas, these areas should work together to reach consensus on the salary recommendation and to determine who will be responsible for informing the staff member.

**Review Process**

- Human Resources and the Office of Budget & Financial Planning will review the outcome of the process to ensure that the general expectations of the merit process were met. This will include adherence to the expectation that merit was distributed based upon performance and that differentiation was utilized to reward high performers. This could result in follow-up discussions to enhance final recommendations.

- The final results of the merit program will be reviewed with Executive Management. This could result in follow-up discussion to enhance final recommendations.

- Human Resources will notify Senior Management Areas once merit increases are approved.

**Dates and Deadlines**

- The university plans to implement the merit process as of the June 10 pay period, resulting in increases reflected in the June 25, 2019 paycheck.
Merit recommendations must be entered in StaffSal by May 1, 2019. Please note that this deadline is firm in order to implement the process for the June 10 pay period.

Staff members may NOT be informed of their recommended adjustments until the final amount is formally approved and communicated to units by Human Resources. Assuming approval, notification letters may be distributed no earlier than June 5, 2019. Raises for calendar year staff will then be effective as of June 10, 2019 and the resulting increases will be reflected in employee’s June 25, 2010 paycheck.

Staff Salary Database - StaffSal

An automated system called StaffSal will be provided for collecting the data in the merit adjustment process. All users will benefit from attending the scheduled training session.

- StaffSal training will be provided on March 25, 2019. The training will be conducted in the North End Center and broadcast via Zoom for those unable to attend in person.
- Additional information and access to the StaffSal system will be available via the Budget Office website (http://www.obfp.vt.edu) when the system goes live.
- A summary of your recommendations will be available within the submission spreadsheet.

High Merit Comment
Select the High Merit comment when providing a merit increase of greater than 5.0%. A brief explanation of this increase is required in the additional comment field.

No or Low Merit Comments
A low merit comment is required for any staff member who receives an adjustment that is less than 1.0%.

- Poor performance
  Provide a brief explanation for any adjustment that is less than 1.0%.

- Insufficient sponsored (or other) funds for raise; recommended delayed raise
  Occasionally grant funds are not sufficient, or not yet available, to provide a merit adjustment effective June 10. If the individual is being recommended for a merit adjustment to be delayed until funds are available, then indicate 0 (or amount now available) on the main screen and provide the percentage increase in the comment space, along with any appropriate explanation or justification. It will be necessary to prepare a P-3A to effect the approved adjustment when funds do become available. However, inclusion of the proposed raise in StaffSal will establish prior approval for the percentage increase for the employee.

- Not eligible for increase
  Use this footnote to indicate any employee who is not eligible for an adjustment. For example, this would be appropriate for a staff member who is on a restricted appointment of limited term duration with no expectation of renewal. You may also use this footnote if an employee accepted a new job and that adjustment preempted the June raise or if an employee has left the university.
• Other
  Use this footnote and the comment space to indicate any other changes or explanations appropriate for the individual case.

Attachment: Schedule for 2019-20 Staff Merit Adjustments

cc: Timothy D. Sands
    Cyril Clarke
    Dwayne Pinkney
    M. Dwight Shelton, Jr.
    Fiscal Officers
    Human Resources Division Directors
Schedule for Staff Merit Adjustments

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>March 11</td>
<td>Staff Merit Process Memorandum distributed to campus</td>
</tr>
<tr>
<td>March 25</td>
<td>StaffSal training, 11:00 a.m. in the North End Center</td>
</tr>
<tr>
<td>April 1</td>
<td>StaffSal database opens to fiscal and human resources officers</td>
</tr>
<tr>
<td>May 1</td>
<td>Last day to enter any proposed increases into StaffSal</td>
</tr>
<tr>
<td>May 10</td>
<td>Budget Office produces summary reports</td>
</tr>
<tr>
<td>Late May</td>
<td>Human resources and OBFP review overall actions by Senior Management for general adherence to merit guidelines and consistency with plan and follow up as needed</td>
</tr>
<tr>
<td></td>
<td>Human Resources and OBFP review final recommendations with Executive Management</td>
</tr>
<tr>
<td>June 5</td>
<td>Notification of senior management areas that merit recommendations are approved</td>
</tr>
<tr>
<td></td>
<td>Department heads notify staff of salary actions that will be effective June 10, 2019 and reflected in their June 25, 2018 paycheck</td>
</tr>
<tr>
<td>June 25</td>
<td>Resumption of in-band process</td>
</tr>
<tr>
<td>July 1</td>
<td>Merit increases appear in employee paychecks</td>
</tr>
<tr>
<td>July 1</td>
<td>Budget Office provides budget allocation through 2019-20 Authorized Budget Document</td>
</tr>
</tbody>
</table>