

March 23, 2023

TO: Academic Deans
Vice Presidents

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

SUBJECT: 2023-24 Staff Compensation Process

On February 25, the 2023 General Assembly adjourned without passing a traditional comprehensive package of amendments to the 2022-24 biennial budget. A Conference Committee continues to deliberate changes to the budget, including competing House and Senate proposals that could further enhance the existing compensation program for state employees approved last year. A timeframe for resolution of these budget negotiations remains undefined.

While we await final action from the General Assembly, the university will begin the process of proposing merit adjustments based on the existing 5.0% program for full-time salaried employees approved by the 2022 General Assembly. If there are any changes to the 2023 merit program by the General Assembly, information will be immediately communicated to campus. As units prepare recommendations under the 5.0% assumption, units should be prepared to scale their recommendations to align with potential changes to the size of the merit component of the program. The need to scale may come with little or no advanced notice; in the absence of a unit's revised recommendation and/or as desired by the unit, their original recommendations under the 5% parameters will be proportionally adjusted to align with the General Assembly's final program.

Merit Process

The university staff merit process is designed to reward and recognize the performance and contributions of university staff members in their areas of service to the university. Performance evaluation ratings from the employee's most recent evaluation serve as a reference point to guide merit pay decisions.

NOTE: This process applies to salaried university staff only. Classified staff positions will receive a 5.0% base increase as these positions are governed by the state's personnel policies; there is no merit pool allotted for classified staff positions. Wage employees are reviewed as part of a separate process and subject to state and university minimum wage adjustment programs.

Please review the following instructions to prepare for the upcoming staff compensation process.

Eligibility Criteria

- Outside hires effective after March 10, 2023 (based on VT hire date) are NOT eligible for a merit increase.
- If consistent with the terms of the new position, staff members who accept a new position within the same senior management area with demonstrated performance may be eligible for the merit process.

Adjustment Process

- All university staff with a performance evaluation rating of at least “Developing Performance” on the most recent evaluation will be loaded into the StaffSal system with a base 3.0% increase.
 - Employees with a performance evaluation rating of “Unacceptable Performance” may not be awarded an increase through this process.
 - Other employees subject to disciplinary action or performance improvement plans may also be excluded.
- In addition to the base increase, a 2.0% merit pool will be available for the recognition of performance.
 - Merit increases should average 2.0% percent across the senior management area. Due to state limitations, units may not supplement the merit pool for university staff.
 - Merit should be awarded based upon the results of the most recent evaluation.
 - Below is a recommended merit matrix allocating the merit component based on performance ratings:
 - Model Performance: 2.0%-4.0% merit, 5.0%-7.0% overall
 - Strong Performance: Up to 2.0% merit, 3.0%-5.0% overall
 - Developing Performance: 0.0% merit, 3.0% overall
 - 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 and Auxiliary budget allocations are incorporated into the 2023-24 Authorized Budget Document.
- Administrative stipends 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 April 6, 2023.

Additional Considerations

- Only merit adjustments should be made during this time period. Other compensation actions should **NOT** be submitted with effective dates between April 28, 2023 and June 10, 2023.

- A comment is required to provide a brief explanation for especially high merit (**greater than 5.0% merit, 8.0% overall**) and especially low merit (**less than 1.0% merit, 4.0% overall**) adjustments for employees eligible for the merit increase (rated Strong or Model).
- University 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 they return. Like other employees, merit decisions must also be based upon performance.
- University staff on leave with pay should also be included.
- University 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.
- University 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.
- University 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 and Financial Planning will review the outcome of the process to ensure that the general expectations of the merit process, as outlined in this memo, were met. This will include adherence to the expectation that merit was distributed based upon performance and that differentiation was used to reward high performers. This could result in follow-up discussions to enhance final recommendations.
- The results of the merit program will be reviewed by the university's executive leadership. 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 July 1, 2023 paycheck.
- **Merit recommendations must be entered in StaffSal by May 1, 2023. Please note that this deadline is firm in order to implement the process for the June 10 pay period.**

- University staff members should NOT be informed of their recommended adjustments until the final amount is formally approved and communicated to units by Human Resources. Assuming approval, employee communication may begin no earlier than June 9, 2023. Raises for calendar year staff will then be effective as of June 10, 2023 and the resulting increases will appear in the July 1, 2023 paycheck, assuming the General Assembly does not change the date.

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 April 11, 2023 at 10 a.m. The training will be broadcast via Zoom.
- 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 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%, or 8.0% overall**. 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 rated as Strong or Model who receives a merit 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 P3A to affect 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 2023-24 University Staff Merit Adjustments

cc: Cyril Clarke
Ken Miller
Timothy D. Sands
Amy Sebring
Fiscal Officers
HR Division Directors
HR Advisory Committee
HR Practitioners

Schedule for Staff Merit Adjustments

2023

March 23	Staff Merit Process Memorandum distributed to campus
April 6	Deadline for all staff salary actions until June 11
April 11	StaffSal training, 10:00 a.m. via Zoom
April 11	StaffSal database opens to fiscal and human resources officers
April 11 - May 1	Deans and VPs review merit adjustment recommendations with department heads and enter into StaffSal
May 1	Last day to enter any proposed increases into StaffSal Senior Management Areas affirm final data.
Early May	Finance produces summary reports
Early May	Human Resources and Office of Budget and Financial Planning review overall actions by senior management for general adherence to merit guidelines and consistency with plan and follow up as needed Human Resources and Office of Budget and Financial Planning review final recommendations with executive management
May 5	University leadership review of increase recommendations
May 9	Deadline for report to Board of Visitors
June 5-6	BOV reviews results of staff merit process
June 9	Notification to senior management areas that merit recommendations are approved Department heads notify staff of actions that will be effective June 10, 2023
June 10	Staff merit actions applied
July 1	Results of merit program appear in staff employees' paychecks