CDU Policy I.E.00541 Merit and Pay Equity Increase

ISSUING OFFICER: Director of Human Resources

RESPONSIBLE OFFICE: Department of Human Resources

EFFECTIVE DATE: April 1, 2011

REVISED DATE: 

SUPERSEDES:

POLICY I.E.00541 Merit and Pay Equity Increase

Departments need to be familiar with and follow the HR APM Policy CDU I.E.00541. Annual pay increases are merit-based and should vary according to individual performance and the amount of funding available. There are to be no across-the-board increases, uniform cost of living increases, or commitments for future increases determined prior to the annual budget development process. Typically, only one merit increase is allowed during each fiscal year, effective on July 1. Every employee should be informed, in writing, of his or her annual merit increase and new rate of pay, if applicable, before July 1st. The reason for the amount of the increase, or lack thereof, should be described, documented, and retained in the employee’s personnel file. Performance evaluations must be given to the employee and the employee allowed the opportunity to comment on evaluation documentation.

All requests for increases must be accompanied by justification based on specific performance measures and these records must be maintained in the employee’s personnel file in the Department of Human Resources.

Merit increases in excess of 5%

1. Mandatory review and recommendation by Department Head
2. Mandatory review and approval by Division Head/Dean
3. Mandatory review and recommendation by the Chief Human Resources Officer
4. Final approval by the Provost, Chief Operating Officer, or President.

Exceptions to the requirements, restrictions or procedures described in these guidelines require approval by the Provost, Chief Operations Officer, or President.

Merit Increase Review and Approval for Faculty

1. Chief Academic Officers (Provost, EVP Research, Deans) will decide faculty merit increases, with input from academic department chairs, directors, and principal investigators (PI).
2. All relevant Chief Academic Officers must concur on the merit increases for faculty when faculty have payroll across college/school lines or for both educator and researcher effort.
3. Principal investigators (PI) retain discretion on maintaining or reducing effort to fulfill grant project or program objectives within budget constraints when IBS increases.

**Funding**

Each year during the budget development process, the University will communicate to senior management the availability of additional funding or expectation for internal funding for increases in compensation (including increases based on merit, bonuses, and adjustments due to pay equity). Departments considering merit pay increases should address the requests during the budget approval process.

When completing the budget or payroll process for the new fiscal year, merit based pay increases for employees funded by grants must be included. To ensure adherence to federal regulations concerning institutional base compensation, the lack of grant funding prior to July cannot be used as the justification for a mid-year pay increase. Increased availability of funding (unrestricted, restricted, or contracts and grants) is not, in and of itself, a valid reason(s) for requesting a mid-year pay increase.

**Equity Pay Increases**

Departments are required to reference benchmarking data to justify equity pay increase requests. Internal and external benchmarking data is available from the Department of Human Resources. Equity pay increases are often facilitated during the annual compensation review and budget approval process.

Proposed adjustment and pay levels based solely on equity or that include a component of equity up to and including 5%:

1. Mandatory review and recommendation by Department Head
2. Mandatory review and recommendation by Division Head/Dean
3. Final approval by the Chief Human Resources Officer

Transactions will not be processed until the appropriate documents and signatures have been obtained. Transactions and authorizations will be audited to confirm appropriate approvals have been obtained.

**PROCEDURE I.E.00541 Merit and Pay Equity Increase**

**SUMMARY**

CDU will be administering a 2% merit increase pool for Regular and Conditional staff/faculty (hereinafter referred to as employees). These merit increases will be effective July 1, 20XX. There is no “cost of living” component in this salary increase.

**ELIGIBILITY**

1. The employee must be in a Regular or Conditional employment status as of December 31st of the fiscal year and be in a good and regular status, not be a new hire, or on corrective action probation.
2. Regular employment status is defined as hired or assigned to work with full-time or part-time status in a position funded by the University:
a) Conditional employment status is defined as hired or assigned to work with full-time or part-time status in a position funded by a grant or fiscal award that has a fixed expiration date at which time the position will end and the employee will be terminated unless a transfer to another position or funding source is approved:
   - Temporary employees, Consultants, Independent Contractors, Interns, and Work Study Students that have a working relationship with the University are not considered to be in a Regular or Conditional employment status and are therefore, not eligible for a merit increase.
   - Since clinical stipends are negotiated on an individual basis, clinical stipends are not eligible for this merit increase.

b) Regular or Conditional employees who are on approved leave as of May 31, 20XX are eligible for this merit increase.

c) There must be a written Annual Performance Evaluation for the current fiscal year on file in the Department of Human Resources with an overall rating of “Meets Expectations” or above in order to be eligible to receive this merit increase.

3. The source of funding (Restricted or Unrestricted) does not affect eligibility. Restricted funds (Grants, Contracts, etc.) are expected to cover the increased costs of salaries and benefits. The OSP and Finance-Grants Departments will be asked to review all merit increases (and resultant benefit costs) on restricted funded programs.

ADMINISTRATION OF RAISE POOL
1. Department Leaders will receive an excel worksheet(s) comprised of separate merit pools for staff and faculty from the Department of Human Resources that lists all of the Regular and Conditional employees in their unit by employee FTE, funding source, base salary, and their merit increase pool.
   a. Department Leaders will divide their raise pool among their Regular and Conditional employees. There are to be no trade-offs between faculty and staff outcomes.
   b. It is expected that there will be a correlation between the overall ratings on the Annual Performance Evaluations and the amount of merit increases given.
   c. Once raises have gone through all levels of approval and are final, Department Leaders will be expected to have a private conversation with each of their Regular and Conditional employees to let them know what their merit increase percent and amount will be verbally and in writing.
   d. A copy of the written notification to the employee should be forwarded to the Department of Human Resources to be filed in the employee’s personnel file.

2. Department Leaders will return their excel worksheets to the Budget Office by June 30th, of the fiscal year. These worksheets must be reviewed and approved by each units cognizant Vice President.

3. Merit Increases for those paid on restricted funds need to have been reviewed by OSP and Finance Grants Departments by July 1st, of the fiscal year. Department Leaders need to coordinate this review with those units.
4. The Vice Presidents will approve and review their summary and detail with the President or his designee by July 10\textsuperscript{th}, of the fiscal year.

5. The Department Heads will notify EPAF Preparers to begin preparing merit increase EPAFs by July 10\textsuperscript{th}, of the fiscal year. The EPAF Action/Change justification should indicate “Merit Increase”.

6. Merit Increase EPAFs will be entered into GP by the Department of HR by July 15\textsuperscript{th}, of the fiscal year. Any fully approved EPAFs received and entered into GP after August 1\textsuperscript{st}, of the fiscal year will be processed retroactively (Retro Request Form required) and paid on the August 25\textsuperscript{th} payday.

**INSTRUCTIONS FOR FILLING OUT SALARY INCREASE WORKSHEETS**

1. The available raise pool dollars are in the column F labeled “X\% Raise Pool”.

2. If you have both faculty and staff in your Department, you may not move raise pool dollars from one group to the other group.

3. The raise pool is X\% of the “Salary Per Department” Column E. The Salary Per Department Column E is the base salary for the employee that is in your department.

4. The only column on the excel worksheet that you will manipulate is Column G (FY 20XX Raise Amount).

5. Enter the ($) dollar amount of the raise you want to give in the “FY 20XX Raise Amount” Column G.

6. The Raise Percent Column H and the FY 20XX New Base Salary Column I will automatically populate.

7. **Do not enter data into any column except the “FY 20XX Raise Amount” column G.**

8. Make notes below the last line of data on the worksheet if necessary

9. You may only spend the total of Column F (X\% Raise Pool). Also please note:

10. The raise eligibility date is 12/31/20XX. If you had someone vacate their position after 12/31/20XX, you may still spend the raise pool on that line.

11. Individuals who are not eligible for raises on your worksheet, their raise pool may be spent on your other employees.

12. **Please do not post a raise percent for yourself.** Your supervisor will determine your raise on their worksheet.

13. If you do not spend all of your raise pool, please contact your supervisor. They may spend your remaining raise pool in their other units.

Please return your completed worksheets to The Budget Office by **June 30, 20XX**.

**EFFECTIVE DATE**

This merit increase is effective July 1\textsuperscript{st}, 20XX. The new salary rate will be reflected in the pay period for July 1\textsuperscript{st}-15\textsuperscript{th} and is paid out on the July 25\textsuperscript{th}, 20XX paycheck, assuming a fully approved merit increase EPAF has been processed in GP.

Applicability: Staff and Faculty Members