How Merit Works

at Georgia Tech

The process of giving and receiving merit is extensive and multi-faceted. It begins more than a year before an employee receives a salary increase and includes direction from the State of Georgia, the University System of Georgia (USG), Georgia Tech’s Budget Office, Georgia Tech Human Resources, and campus units. Along with these government and Georgia Tech entities, a key component of merit is each employee’s performance review with their manager.

In this Guide
1. Key things to know
2. What merit is and isn’t
3. The process
4. What influences merit
5. Situational examples
6. Reminders

Resources
- FY19 Merit Guidelines
- Staff Compensation policy
- Research Faculty Compensation policy
- Salary Determinations for Tenure-Track Faculty
- Georgia Tech Budget Office

Key things to know:
1. Budget for merit increases comes from the state legislature and the Institute.
2. There are specific rules on how merit dollars can be distributed, including how much and to whom.
3. Merit increases can only be awarded based on measurable performance goals.
4. Merit is not the only form of a compensation increase.
5. Receipt of merit depends on:
   a. The budget of the state legislature, the Institute, and your department;
   b. The parameters established by an employee and manager, and how those expectations are met;
   c. How fairly compensated an employee is in relation to market value.

Defining Merit

Merit is...
- Designed to reward and retain employees for meritorious performance.
- Defined by a rule-set provided by Institute leadership.
- An inclusive process involving managers, unit finance, and HR leaders.

Merit is not...
- Guaranteed or fixed. The budget is subject to change or disappear each year.
- A promotion or cost-of-living adjustment
- Available to all employees (some employees are ineligible)
Merit Process:

Phase I

The Georgia Legislature and the University System of Georgia (USG) review the annual budget and then set aside available funds specifically for merit. Those funds are divided and distributed among the USG’s 28 institutions.

With the money comes specific rules about how the money can be used. (Any exception to these rules must be approved by the President’s Office and/or Board of Regents, which governs the USG.)

Phase II

When Georgia Tech receives its merit allotment, it may be granted the opportunity to add additional resources and rules.

Once the amount and rules are finalized, the Institute distributes merit budgets to each college and department.

Phase III

When a college or department receives its merit budget, its leadership begins the process of determining how the funds will be distributed.

The finance officer, HR representative, and managers evaluate their needs in conjunction with a number of factors, including annual performance reviews.

Following the USG and Institute rules, they create a merit proposal containing who they wish to award merit to and how much.
Phase IV
Merit proposals from each unit are submitted within the Georgia Tech’s Budget Office oneBudget system. The proposals are then forwarded to Human Resources (GTHR) for review. Details of how this interacts with the budgeting process and how the information is sent to HR may change from year to year.

GTHR assesses each proposal for compliance with the merit rules.

It also reviews employee eligibility and any special exceptions the President’s Office and/or BOR will need to review.

Phase V
Sometimes it is necessary for GTHR to return the proposal to a unit for additional clarification.

The unit then amends the proposal and resubmits it to GTHR.

GTHR and GT’s Budget Office compiles all final proposals and submits entire merit plan to campus leadership for approval.

Phase VI
Once merit proposals are final and approved, the representatives are then clear to communicate merit increases to their teams.
What Influences a Merit Increase?

- The primary purpose is to reward meritorious performance.
- The Institute’s and the individual college or unit’s merit budget.
- How an employee compares to qualifications, experience, performance, and pay grade for their job.
- How other employees in the position compare to their job responsibilities and pay.

Influencers: Job Description & Performance

To evaluate meritorious performance there must be a standard measurement. The Institute uses job descriptions, employee goals, and annual performance evaluations to determine performance. Merit, as it relates to performance, considers:

- How an employee meets expectations of the position laid out in the job description on a day-to-day, monthly, and annual basis
- How an employee adds value to their position
- Where an employee stands compared to the pay grade for the position, market value, and others on campus within the same job description
- How much experience an employee brings to the role

Influencers: Salaries & Expectations

Consistent application of merit may mean that not all high-performing employees will receive a merit increase. For example, an employee receiving an exceptional performance rating who is low in the salary grade range would be eligible for a greater merit increase than an employee receiving an exceptional performance rating who is already high in the grade range.

Employees rated as Needs Improvement or Unsatisfactory are not eligible for merit increases.

Merit Increase Matrix

The University System of Georgia (USG) requires Institutions to develop a merit increase matrix demonstrating reasonable distribution. The following matrix and guide has been developed for your reference and use.

- Merit increases must be based on employee performance and can range from 0% to 4%.
- The merit raises should average approximately 2% for each major campus division, regardless of the funding sources. Deans and other division heads may determine the level of aggregation within their divisions at which the averages are computed.

<table>
<thead>
<tr>
<th>Performance Rating Definition</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
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<tbody>
<tr>
<td>Performance Rating</td>
<td>Requires improvement</td>
<td>On track; continued development &amp; meeting expectations</td>
<td>Consistently meeting and occasionally exceeding expectations</td>
<td>Role model; Regularly surpasses expectations</td>
</tr>
<tr>
<td>Merit award if salary is above midpoint</td>
<td>0%</td>
<td>1%</td>
<td>2%</td>
<td>3%</td>
</tr>
<tr>
<td>Merit award if salary is below midpoint</td>
<td>0%</td>
<td>2%</td>
<td>3%</td>
<td>4%</td>
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<td>1</td>
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<td>Inconsistent performance, meeting some, or all job requirements or expectations.</td>
<td>Gaining proficiency in meeting agreed goals. Growing at the expected levels.</td>
<td>Consistently meets all job requirements and occasionally goes beyond job requirements in terms of quality, quantity, innovation and initiative.</td>
<td>Frequently seeks opportunities to accomplish additional goals and transformational goals with significant impact. Exhibits role model level behaviors consistent with Institute values.</td>
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<td>Regularly fails to meet established standards and goals or Fails to use resources appropriately.</td>
<td>Learning aspects of the job to become fully functional and is progressing at the expected pace.</td>
<td>Achieves established goals and sometimes exceeds them and/or accomplishes additional goals as opportunities arise.</td>
<td>Performs at maximum levels of effectiveness which by producing exceptional quality while meeting challenging demands.</td>
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<td>Lacks required skills/knowledge, willingness or capability to perform job properly.</td>
<td>Gaining proficiency in certain skills, knowledge, processes, and job standards due to the newness of the position or Substantial change in existing job</td>
<td>Applies creativity &amp; problem-solving skills in certain situations and willingly implements and adapts to new processes or enhancements.</td>
<td>Proactively and creatively solves problems resulting in positive change. Brings new ideas and innovation to own work and department which benefit the Institute.</td>
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<tr>
<td>Behaviors not consistent with Institute values. Immediate and sustained improvement required.</td>
<td></td>
<td>Performs in manners that result in ongoing achievement of established standards.</td>
<td>Outstanding performance that always exceeds expectations, demonstrated for an extended, sustainable period of time (entire year).</td>
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<tr>
<td>Fails to recognize effect on others and or does not make necessary changes when advised of the need.</td>
<td></td>
<td>Successful in carrying out regular job duties while behaving in ways consistent with Institute values.</td>
<td>Very strong performance that exceeds expectations in most situations, and meets expectations in all others.</td>
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<td>May already be under corrective action or a performance improvement plan or issued documented performance concerns.</td>
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Examples

Example 1: Assuming performance is the same, a person who is low in the range could receive a higher merit increase than a person who is high in the range.

- John and Mary work in the same department and have similar years of experience in their roles.
- Mary has a “Strong” performance rating and has a salary below the midpoint of her salary grade range.
- John has a “Strong” performance rating and has a salary above the midpoint of his salary grade range.
- Mary should receive a higher merit increase due to her current salary being lower in the range.

Example 2: High performer at or near the maximum salary level for the grade.

- Joe consistently and substantially exceeds requirements.
- Joe’s base pay is already at the maximum of the salary level or grade based on current market data higher than the salaries of his peers.
- Joe may not receive a merit that creates his salary to exceed the maximum of the grade range.

Example 3: Small department composed of all high performers. The following should be considered for differentiation.

- Individual performance during the most recently completed calendar year.
- Individual’s current salary compared to the salary range for the job or place in range (PIR).
- Consideration of salaries and qualifications of peers in comparable positions.
- Consideration within the larger unit, organization or school.

Example 4: Ineligible for merit

- Mark is an exceptional employee who is in his probationary (six-month) period.
- Li failed to complete her annual Compliance Training.
- Terrence is high-performer who has returned on assignment as Retired-but-Working.
- Jeffrey has received some letters of concern related to his performance and his organization is assisting him with meeting goals within a performance improvement plan (PIP).
- These employees are ineligible for merit.

Example 5: Example of a top performer, Mia

- Mia consistently and substantially exceeds requirements.
- Mia frequently seeks opportunities to accomplish additional goals and transformational goals with significant impact.
- Mia performs at maximum levels of effectiveness, while producing exceptional quality and meeting challenging demands.
- Mia exhibits role-model level behaviors consistent with Institute values.
- Mia brings new ideas and innovation to own work and department, which benefit the Institute, and pro-actively and creatively solves problems resulting in positive change.
- Mia’s performance is frequently described as “Role model,” and often receives “Distinguished,” “Remarkable,” “Extraordinary,” “Consistently exceeds expectations,” “Exceptional” reviews.
- Mia should be considered for higher merit.
Manager Reminders

- Salary increases should not be communicated to employees until departmental/unit calibration has occurred and increases have been approved by leadership.
- Aim to differentiate levels of performance demonstrated by employees, and recognize differences through performance evaluations.
- Maintain accurate, up-to-date documentation on employee performance to support the performance review cycle and possible merit increases.
- Communicate the following information to their subordinate employees:
  - The performance management process,
  - The relationship of performance to pay,
  - Salary potential for the employee’s position,
  - Eligibility to receive overtime payments based on exempt or non-exempt status under the FLSA designation determined by job evaluation
  - Job descriptions and the employee’s strategic objectives supporting the organization.

Employee Reminders

- Regularly review your job description, at least annually.
- Meet with your manager regularly to discuss:
  - Performance - your perspective and theirs
  - Needs - compensation, continuing education or flexibility
  - Goals for your present and future work