

**UC SAN DIEGO**  
**GUIDELINES FOR ADMINISTRATION OF 2016-2017 MERIT-BASED SALARY PROGRAM**  
**FOR POLICY COVERED (NON-EXCLUSIVELY REPRESENTED) EMPLOYEES**

**MERIT-BASED SALARY PROGRAM CONTROL FIGURE AND EFFECTIVE DATE:**

The merit-based budget pool is 3% and the increases for employees **cannot be processed as across-the-board increases.**

The effective date of the increase is 06/19/16 for biweekly paid employees and 07/01/16 for monthly paid employees. The increase will appear in the 07/13/16 biweekly paycheck and on the 08/01/16 monthly paycheck.

This is a merit-based salary program and the amount of the increase for each employee must be based on the employee’s overall performance rating. Employees may be given up to a 4.5% increase if their overall performance rating is “Exceptional.” Each department should use a consistent application in determining the amount that is given to an employee based on their overall performance rating. The chart below provides an example of how differentiation in merits could be attained with a 3% merit-based budget.

Performance Rating	Unsatisfactory	Improvement Needed	Solid Performance	Above Expectations	Exceptional Performance
Increase %	0%	0%	2.5% to 3.5%		3.5% to 4.5%

Please note that although an exceptional employee can receive up to a 4.5% increase, the departments and VC areas should stay within their 3% overall merit-based budget allocation. **This means that in some cases in order to stay within the 3% budgeted allocation, an exceptional employee may only receive a 3% increase.**

**APPROVAL PROCESS:**

The merit-based salary increase will require one-over-one (one level up) approval; therefore, each VC HR contact will need to send Caprece Speaks-Toler, Director of Compensation an email stating that their Vice Chancellor has approved all the eligible increases for their VC area by close of business on 06/17/16. The VC HR contact will also need to complete and return the spreadsheets sent to them by the Compensation unit with all the eligible employees’ overall ratings and the percentage of increase recommended for each employee. Caprece will ensure that no VC area exceeds their 3% budgeted allocation.

Increases for the Senior Management Group (SMG) and highly compensated (total cash compensation in excess of \$301,000) Management and Senior Professional (MSP) employees will be coordinated by Cathy Ledford, SMG Coordinator. Cathy will coordinate salary increase approvals from the Chancellor, President or Regents, as required. Cathy can be reached at (858) 534-3391 or via email at [cledford@ucsd.edu](mailto:cledford@ucsd.edu).

**ELIGIBILITY - (INCLUSIONS):**

To be eligible for the merit-based increase, non-represented employees (SMG, MSP and PSS) must have been hired on or before 01/04/16 into a career or contract position with an appointment at 50% or more for at least a year. Contracts should be amended via the addendum process to reflect the new rate. Employees' most recent performance rating must be satisfactory/solid or better.

Employees who were hired on or before 01/04/16 and who will complete their probationary period by 07/29/16 are eligible for the merit-based increase. Supervisors/Managers will need to send Caprece an email stating that the employee will not be a probationary employee as of July 29<sup>th</sup>. Otherwise, the employee will not be eligible for the increase. **In cases were an employee does not receive a performance appraisal, the employee will only be eligible to receive a 2% increase.** The deadline to send this information is by close of business on 06/17/16.

Employees who transfer from another department or another UC location are eligible if they would otherwise qualify prior to transferring from their current department or other UC location.

Employees who received a salary increase during the past 12 months are eligible.

**INELIGIBILITY - (EXCLUSIONS):**

The following employees are excluded and are not eligible for the merit-based increase:

- (a) Per diems, students, floaters and non-represented employees on limited or casual restricted appointments
- (b) Non-represented employees hired after 01/04/16
- (c) Probationary employees
- (d) Employees who separate before the pay date (payroll compute)

**EMPLOYEES AT OR CLOSE TO THE MAXIMUM OF THE SALARY RANGE:**

No over maximum increases will be allowed. However, eligible employees at the maximum of the salary ranges will receive a one-time lump sum retirement eligible annualized payment equivalent to the annual amount they would receive if their current salary was not at the maximum of the salary range. Employees whose salaries are red circled will also be eligible for the one-time lump sum retirement eligible annualized payment.

Employees who are close to the maximum of the salary will be given an increase to the maximum of the salary range. The Web Merit system will apply the approved increase up to the maximum of the salary range, any remaining difference will be paid as a one-time lump sum

retirement eligible payment. The Compensation unit will calculate the one-time lump sum retirement eligible payments for all eligible employees.

**COMMON ELIGIBILITY QUESTIONS:**

The following are common eligibility questions:

(a) Are employees who were exclusively represented on January 1st or prior to January 4th for biweekly paid employees and then became non-exclusively represented prior to June 19th or July 1st for monthly paid employees eligible for a merit-based increase? **Yes, if they would otherwise qualify.**

(b) Does a department have discretion to add an additional equity increase to the salary increase amount that an employee would receive based on their overall performance rating, if they are willing and able to fund it? **No, there is no additional allocation for an equity increase pool on top of the 3% merit-based budgeted allocation. An equity increase can be given as usual if it is processed outside of this merit-based salary program.**

(c) Are employees who transfer from another UC campus eligible for the merit-based salary increase? **Yes, if they have successfully completed their probationary period by July 29, 2016 at the other UC campus and are otherwise eligible.**

(d) Does time worked in a limited appointment count toward the probationary period? **Up to 1,000 hours on pay status (excluding overtime and on-call) in a limited appointment may be credited towards completion of the probationary period, if it is in the same position with the same supervisor immediately preceding the career appointment.**

(e) Does time served in an academic appointment prior to being hired into a career staff appointment count toward the probationary period? **No, when an employee is hired/transfers from an academic to a career non MSP staff appointment, they must serve a six-month probationary period.**

(f) Will the current salary range maximums for non-represented employees be increased? **The salary ranges for the Manager and Senior Professional (MSP), Professional and Support Staff (PSS) and Career Tracks (CT) were updated recently to include increases to the salary minimums, midpoints and maximums effective February 28<sup>th</sup> for biweekly paid employees and March 1<sup>st</sup> for monthly paid employees.**

(g) Are employees at the maximum or above the maximum of their salary range eligible for the increase? **Yes, they are eligible for a non-base building increase. This will be paid as a one-time lump sum retirement eligible annualized payment equivalent to the annual amount they would have received if their current salary was not close to the maximum of the salary range.**

(h) Are employees who are retiring by 06/30/16 eligible for the merit-based increase? **No, employees who are retiring by 06/30/16 are not eligible for the increase.**

(i) Are employees who separate before the pay date eligible for the increases? **It depends on their separation date and/or if the biweekly or monthly compute has been processed. If the compute has already taken place, then they will receive the increase. If the compute has not taken place, then they will not receive the increase.**

(j) Will the departments be able to use the 3% budgeted allocation for employees whose overall performance rating is "Unsatisfactory" or "Improvement Needed? **Yes, the department can use the 3% budgeted allocation, as long as there is a consistent application used for employees whose overall performance rating is the same.**

(k) Is the merit pool based on the home department code, cost center/index, or total VC area? **The 3% merit-based pool is based on all the eligible current employees within a home department code and their corresponding annual salaries multiplied by 3%.**

(l) What happens if an employee does not have a performance evaluation on file? **It is expected that all employees will have a current performance appraisal prepared and presented by June 16th. However, in cases where a supervisor did not prepare and/or present an appraisal within the allocated timeframe, the employee will be eligible to receive ONLY a 2% increase.**

(m) Per guidelines, employees that pass probation by 7/29/2016 are eligible. What if an employee's probation ends between 6/17 and 7/29? Their performance evaluation would not be completed before final information must be submitted to Campus HR (6/17). How should these situations be handled? **If an employee's probation ends between 6/17 and 7/29, since there would not be sufficient time to prepare and present the performance appraisal, their supervisor will need to document in writing what their overall performance rating will be. Then the employee will receive the appropriate percentage increase based on their performance rating.**

(n) SMG performance evaluations are on a different cycle and are due at the end of August. How will this be handled? **Cathy Ledford, SMG Coordinator will obtain the percentage increase approvals from the President, Regents' and Chancellor and send the information to Caprece Speaks-Toler, Director of Compensation who will enter the information into Web Merit.**

(o) Since MSP Staff Physicians are contract employees and do not have formal performance evaluations, is it safe to assume a 3% increase on base salary across the board for this population? **No. When a contract is extended, it implies that MSP Staff Physicians' overall performance was at least "Solid". Any deviation on how much of an increase is given upon the renewal of their contract, should be discussed between Chancellor Khosla and VC Brenner.**

(p) If a staff physician was hired on or before the eligibility date and have had previous appointments at greater than 50% with no break in service, but their most current appointment

is less than 50%, are they eligible for the increase? In other words, should we base their eligibility on their most recent appointment? **Yes. A Staff Physician is eligible ONLY if they have a current career or contract appointment at 50% or more for a least a year.**

(q) We are treating MSP Staff Physicians the same as faculty when it comes to base increases in that the negotiated total salary is maintained unless they are getting base salary only. If departments have already negotiated a salary as of 7/1 and have indicated that the 3% increase was factored into the negotiated salary, do we need to readjust the base salary further? **Yes. Since the contracts are renewed effective 7/1 and the local guidelines will be posted prior to that date, there should be documentation as to the performance which would determine the percentage of increase. Any deviation on how much of an increase is given upon the renewal of their contract, should be discussed between Chancellor Khosla and VC Brenner.**

Please see PPSM 22 Probationary Period for more information on probationary requirements for policy covered career staff employees. Contact Employee Relations at (858) 534-4115 if you have questions regarding the probationary status of an employee.

#### **BUDGETS:**

Budgets and the corresponding spending targets for each department are calculated based on the salaries of the eligible employees, not the permanent budget base. The Campus Budget Office will coordinate the 3% merit-based budget allocation funding for employees paid on core funds who are eligible for the increase. Departments are responsible for funding increases for employees who are not paid on core funds. Contact Joni Ciarletta in the Campus Budget Office at (858) 534-7270 if you have additional questions regarding the funding departments are to receive.

#### **PERFORMANCE APPRAISALS:**

We are implementing a new performance appraisal cycle for this merit-based salary program. The change in the performance appraisal period accomplishes two goals which benefit staff. (1) It allows staff to know when their performance will be reviewed, no matter the department; and (2) there will no longer be a need for retroactive pay when a merit adjustment is given. The current performance appraisal period for all non-represented staff will end on 04/30/16 with performance appraisal meetings presented to staff in May. Going forward, the performance appraisal period will be from May 1 through April 30.

The performance appraisal is intended as a means of measuring and enhancing individual, team, and institutional performance, fostering professional development and career growth, aiding in the determination of merit increases; and meeting the internal and external demands for documentation of individual performance. An individual whose performance rating is "Unsatisfactory" or "Needs Improvement" may not receive the merit-based salary increase.

Departments will need to send Campus HR the names of employees whose performance rating is "Unsatisfactory" or "Needs Improvement" by the close of business on 06/17/16.

**AMOUNT OF INCREASE:**

The total amount of the salary increases for employees in a department may not exceed the 3% budgeted allocation pool per department and/or VC area.

**WEB MERIT:**

We are using our local Web Merit system to process the merit-based salary increases. Web Merit is a web-based application that enables authorized users to recommend increases for eligible employees and/or enables Campus HR to set the eligibility criteria to include and exclude employees based on pre-set eligibility criteria. Campus HR will define and set the eligibility criteria in Web Merit.

Departments will need to send Campus HR the names of employees whose performance rating is “Unsatisfactory” or “Needs Improvement” by close of business on 06/17/16. Campus HR will delete these ineligible employees from the Web Merit roster prior to uploading the new rates into our Payroll Personnel System (PPS). Web Merit will be programmed to allow up to a 4.5% increase for eligible employees. Campus HR will enter all performance ratings and salary increase percentages into Web Merit. Therefore, there is no need to open up Web Merit to departments for entry of performance or salary information.

**Web Merit Timeline:**

- (a) Morning of June 1st: Web Merit will be loaded with PPS data. Please note that the PPS freeze will begin June 3rd and will end on June 27th.
- (b) Evening of June 3rd and thru June 6th: Campus HR will send out the Web Merit spreadsheets to VC offices for completion. Departments will need to list the performance appraisal date, overall rating and percentage of increase for all eligible employees.
- (c) Evening of June 17th: Completed Web Merit spreadsheets due back to Campus HR by close of business.
- (d) Morning of June 23rd: Web Merit will be opened for final Campus HR review. HR will delete employees with “Unsatisfactory” or “Needs Improvement” and any other exclusions from Web Merit.
- (e) Evening of June 23rd: Web Merit is set to the “Final Ready” status by Campus HR.
- (f) Evening of June 24th: PPS update. UCOP will process transactions created from Web Merit in an EDB file maintenance. New rates appear in PPS.
- (g) Morning of June 25th: Campus HR audits the PPS update and checks to ensure that the new rates were processed accurately in PPS.

**DEPARTMENT ROSTERS:**

Department rosters will be mailed to your department by Campus HR between June 27<sup>th</sup> and June 30<sup>th</sup>. Your department roster is based upon the PPS upload into Web Merit. If an employee is missing from your roster, you may have a PPS coding problem. If an employee who is eligible for the merit-based increase is missing, you will need to process the increase manually. (Use PPS Action Code 04 and indicate in the comments section that the merit-based increase is being processed manually because the employee is missing from Web Merit.)

When you receive your department rosters, and if you are not sure why an employee does or does not appear on your roster, consider the four questions that follow below. If you answer “yes” to all of the questions below, the employee should appear on your roster. Contact Liz Duenas, Records Analyst and Salary Program Coordinator in the Campus HR Office at (858) 534-3847 or via email at [eduenas@ucsd.edu](mailto:eduenas@ucsd.edu) for assistance or questions related to PPS or the department rosters.

(1) Is the employee coded as a career employee (type 2 and 7) or a contract employee (type 1) in PPS?

(2) Is the employee’s hire date “01/04/6” or earlier in PPS?

(3) Does the employee have an active REG distribution lines in effect beyond 06/19/16 for biweekly paid employees and 07/01/16 for monthly paid employees or later in PPS?

(4) Is your department listed as the home department in PPS?

**ORDER OF INCREASES:**

There may be more than one salary action (merit, equity, reclassification, etc.) with the same effective date. The merit-based increase should be processed first, before any other salary action that is effective on 06/19/16 for biweekly paid employees and 07/01/16 for monthly paid employees.

Eligibility and Web Merit questions may be directed to Caprece Speaks-Toler, Director of Compensation at (858) 534-4130 or via email at [cspeaks@ucsd.edu](mailto:cspeaks@ucsd.edu). Please contact Courtney Morris for questions pertaining to staff employees in Health Sciences or at UC San Diego Health at (619) 471-0542 or via email at [comorris@ucsd.edu](mailto:comorris@ucsd.edu).