

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.

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Resources

- [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.

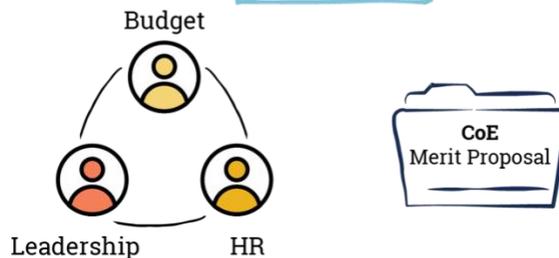
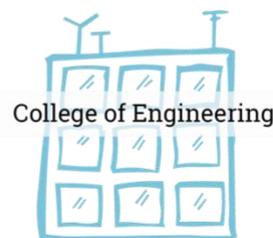


Once the amount and rules are finalized, the Institute distributes merit budgets to each college and department.

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.



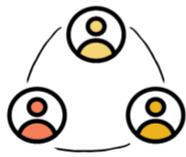
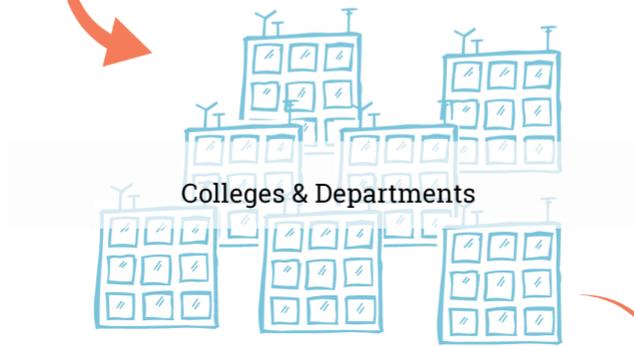
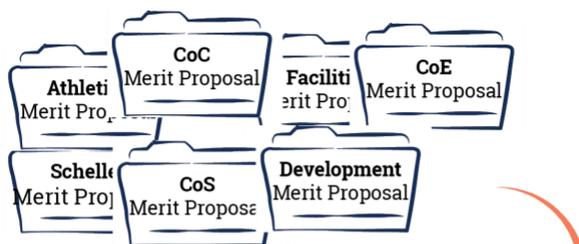
Following the USG and Institute rules, they create a merit proposal containing who they wish to award merit to and how much.

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.

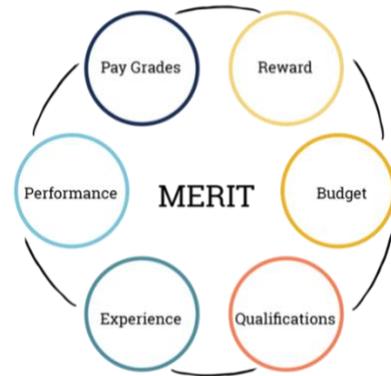
GTHR and GT's Budget Office compiles all final proposals and submits entire merit plan to campus leadership for approval.

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
- How much experience an employee brings to the role



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

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 with Overall ratings of either Needs Improvement or Unsatisfactory are not eligible for merit increases.

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.

| Performance Rating | 1 | 2 | 3 | 4 |
|--|----------------------|--|--|--|
| Performance Rating Definition | Requires improvement | On track; continued development & meeting expectations | Consistently meeting and occasionally exceeding expectations | Role model; Regularly surpasses expectations |
| Merit award if salary is above midpoint | 0% | up to 1% | up to 2% | up to 3% |
| Merit award if salary is below midpoint | 0% | up to 2% | up to 3% | up to 4% |

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

Merit Rule-set

- Managers should work with their budget and human resources staff throughout the budget preparation process to ensure coordination of budget allocations and merit raise decisions.
- Merit increases should reflect differentiation, demonstrating a reasonable and equitable hierarchical distribution based on performance ranging from 0% to 4% with no “across-the-board” increases permitted.
- To ensure equity across departments, no increases should be awarded greater than 4%, regardless of funding source.
- Departments should determine merit increases based on the performance of each employee during the measurement period of Jan. 1 to Dec. 31, 2018.
- Employees must be currently in good performance standing (not currently on a performance improvement plan or in receipt of a disciplinary notice containing final warning, or are under suspension) to be eligible to receive merit.
 - Employees whose performance rating was addressed in the mid-year FY19 cycle will not need to be addressed in FY20, provided they have successfully met performance goals and are currently in good standing.
- Employees who received Jan. 1, 2019, merit increases can be considered for the FY 20 merit increase.
- An employee already at or over the maximum of their salary range is generally not eligible to be considered for a merit increase.
- An employee near the maximum of their salary range will generally only be eligible to receive merit up to the maximum of their salary range.
- An eligible employee on a temporary or interim pay is eligible for a merit adjustment but any merit awarded must be based on their base pay excluding increase for temporary or interim increases.
- Temporary employees and contractors, including Retired but Working employees, are not eligible to receive merit increases.
- Employees who have not completed the 2019 Integrity and Compliance Campaign, which includes mandatory Ethical Standards training, Conflict of Interest certification, and Cyber Security Standards attestation, are not eligible to receive merit.
- Individuals hired between Jan. 1 and June 30, 2019, are not eligible for merit until July 1, 2020.
- Individuals promoted or reclassified to a new position between Jan. 1 and June 30, 2019, are not eligible for merit until July 1, 2020.
- Individuals with a job change (lateral transfer with no increase) on or after Jan. 1, 2019 are eligible for merit.
- Employees who have received increases due to equity or retention are eligible to be considered for merit.
- Salary increases must not be communicated to individual employees until departments/divisions are notified by HR Compensation that audits have been completed.
- All increases are subject to the USG Salary Administration and other related policies.
- **NOTE:** Funding has been established for a corresponding increase for graduate students which will be outside of this merit salary process. Specific directions to the units will be provided.

Funding Sources

- Allocations for employees paid from Resident Instruction/General Operations (RI/Gen Ops) are provided to divisions, equivalent to the funding provided by the State through the Board of Regents (BOR). This amount for Georgia Tech is not known until the Fiscal Year State Budget (Appropriations Bill) is signed into effect. The Georgia Tech Budget Office will communicate funding allocations to divisions as soon as the BOR funding allocation is known.

- Equivalent pay adjustments for all other employees shall be covered through the respective funding sources for those individuals, including, but not limited to, sponsored programs, student activities, departmental sales and services, auxiliaries, Georgia Tech Research Institute, Enterprise Innovation Institute, Georgia Tech Athletic Association, Affiliate Organizations, and Alumni Association.

Key Dates

- April 16, 2019: Determination of FY 2020 State Budget (Appropriations Bill).
- April 26, 2019, 5 p.m.: Detailed Original Budgets, to include pay adjustments, are due from campus units via oneBudget. The original budget proposal must include the final merit rate for each individual.
- GTHR Compensation will be performing various audits to ensure merit adjustments are within the merit guidelines and compensation policy. Salary increases must not be communicated to individual employees until audits have been completed.
- Increases for academic faculty on a 9-month contract will be effective Aug. 15, 2019.
- Increases for all eligible 12-month staff and faculty and will be effective at the start of the 2020 fiscal year – July 1, 2019, for monthly employees and June 30, 2019, for hourly employees. This includes administrative faculty, librarians, and research faculty.
- NOTE: Faculty promotion (academic and research) raises will be 6% of the FY 2019 base salary and will be effective on the same date as merit increases. These will be computed prior to the FY 20 merit increases. All eligible nine and twelve month contract faculty, who receive Fiscal 2020 promotion/tenure raises (Academic, Research, Librarian), are eligible for Fiscal 2020 merit increases if they meet other requirements stated in these guidelines.

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 performance requirements.
- Joe’s base pay is already at the maximum of the salary level or grade based on current market data and 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 her 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, current 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 and other variant pay based on 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