



## General FAQs

### 1. What is performance-based merit pay?

In a performance-based merit pay program, salary increases are differentiated based on performance rather than distributed equally as an across-the-board. An employee's performance is evaluated at the conclusion of the performance evaluation period and then a merit award is determined based on the employee's performance contributions.

### 2. Why is UCI returning to performance based merit pay?

In July 2015, President Napolitano announced that all campuses and locations will be required to implement a merit-based pay for performance model for non-represented employees beginning in fiscal year 2016-2017. Rewarding high performers improves organizational performance, increases employee engagement, and lays the foundation for effective workforce planning and talent management. In addition, performance-based pay is the most widely used base pay program in organizations today. According to a study conducted by WorldatWork in June 2015, 92% of the 1,421 organizations that participated in the study use performance-based pay increases (merit increases).

### 3. Who is eligible for a merit increase?

To be eligible, an employee must meet the following criteria:

- Hold a non-represented career or partial year career appointment as of July 1, 2016
- Completed the probationary period by July 1, 2016
- Be on active status (or on approved leave) on July 1, 2016 \*
- Receive a merit level of "On Target Performer" or above
- Contract employee whose contract allows for a merit increase

\*In July 2017, employees will also be required to be on active status (or on approved leave) on the applicable payout date to be eligible for a merit increase.

### 4. What if an employee is on an approved leave on July 1, 2016 and they receive a merit increase? When will the employee's increase be effective?

The employee's merit increase will be effective the day they return from leave.

### 5. Do MSP employees have to be hired by a particular date in order to be eligible for the merit increase?

No, however they must meet the eligibility criteria outlined in Question 3.

### 6. How is performance linked to the merit increase?

For this year, due to the timing of performance evaluations at the campus and medical center, distribution of the merit awards will occur before most employee performance reviews are



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completed; therefore, this year, a “mapping” will be required. Managers/Supervisors will reference their employees’ last performance rating and use the employees’ performance since to determine anticipated 2016 performance ratings and then map those anticipated ratings to one of the three merit levels: above target performer, on target performer or below target performer.

#### **7. How will the merit increase amount be determined?**

Once the manager or supervisor determines the employee’s merit level, a merit award will be determined. Above target performers will receive increases between 3.0% and 6.0% of current salary. On target performers will receive increases between 1.5% and 2.9% of current salary. Below target performers will not receive an increase. The amount of the merit award will vary according to the employee’s performance contributions and the available budget. The merit program is dependent on available funding. Our program is supported by a limited budget provided by the campus/medical center and individual schools and departments. Every organization will be operating with the same percent merit budget allocation. The fixed budget means that the actual merit increases will also be limited. The total of all employee increases within a department cannot exceed that organization’s allocated budget.

#### **8. How will consistency be achieved?**

To ensure consistency of the application of the merit program within organizations at both the campus and medical center, calibration meetings will be required. School/Division/Department leaders or their designees will meet with their respective management teams to calibrate employee merit levels and merit awards within their respective organizations. Management starts by agreeing on performance-based merit criteria that will be used to determine employees’ anticipated performance ratings, merit levels and merit increase amounts. Calibration meetings will ensure consistency in the distribution of merit increases, ensure total distribution equals allocated budget amount, and ensure leadership support. HR will also review the distribution spreadsheets to ensure compliance with merit guidelines.

#### **9. Will the performance based merit criteria discussed in Question 7 be communicated to employees?**

Yes, management will communicate the merit criteria that will be used to calibrate merit increases to the non-represented employees within their organization once it is developed.

#### **10. Are the merit awards competitive with market?**

Yes, according to the 2016 Salary Budget Survey conducted by Culpepper and Associates and the 2015-16 WorldatWork Salary Budget Survey, the 2016 projected average base increase for the Los Angeles-Long Beach area is 3%.



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**11. Have any other UC campuses or locations implemented performance-based merit pay for non-represented employees?**

All UC campuses and locations will be required to implement a merit based pay for performance model for non-represented employees beginning in July 2016; however, several locations already use merit-based pay and paid out the 2015 increases as merit pay. The locations include UC Davis (campus and medical center), UC Los Angeles (campus), UC Riverside and UC San Francisco (campus and medical center).

**12. Will any other factor be considered other than performance?**

No, merit increase guidelines will be based on performance only as opposed to performance and/or position in range, seniority, time in classification, etc. The entire fund will be used to reward employee performance rather than attempt to address equity, compression or market lags.

**13. When will managers/supervisors discuss merit distribution with their employees?**

Managers/Supervisors will meet with their employees in mid-June to discuss merit distribution.

**14. Will schools/divisions/departments be able to supplement their allocated merit funds with additional funds?**

No.

**15. Will employees receive evaluations for their 2015/16 performance?**

Yes, performance evaluations will be completed in accordance with local requirements and timeline.

**16. Will the performance evaluation form or effective date change for the July 1, 2016 merits?**

No, there will be no change to the performance evaluation form or timeline this year.

**17. Will managers/supervisors receive training?**

Yes, multiple training resources will be available to managers/supervisors including “UCI Merit Implementation and Calibration Training 2016” and “UCI Conducting a Merit Notification Discussion 2016”. In addition, HR Business Partners at the medical center and HR Consultants at the campus will reach out to departments to provide hands on support where needed.

**18. Will pay ranges be adjusted in July 2016?**

No.

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### 19. What if my salary is at the pay range maximum?

If an employee with a salary at or near pay range maximum receives a merit increase, his/her salary will be increased to no higher than the pay range maximum and then the portion of the merit increase that exceeds pay range maximum will be paid out as a one-time lump sum payment.

### 20. When will merit increases be effective? When will they be paid out?

Increases for monthly paid non-represented employees will be effective July 1, 2016 and paid out starting with August 1, 2016 paychecks. Increases for bi-weekly paid non-represented employees will be effective June 19, 2016 paid out starting with July 13, 2016 paychecks.

### 21. Where can I go for more information on the merit model?

Additional information, training resources, FAQs and tools can be found at [hr.uci.edu/partnership/merit](http://hr.uci.edu/partnership/merit).

### 22. What if I have questions regarding information contained in the FAQs or any other resource?

Questions regarding FAQs and any other tools or resources can be submitted at [hr.uci.edu/partnership/merit](http://hr.uci.edu/partnership/merit).

### 23. Are there any mechanisms for feedback?

Yes, employees will have several opportunities to provide feedback.

- Employees can submit concerns and feedback regarding the merit program to [merit@uci.edu](mailto:merit@uci.edu)
- An online survey will be conducted 30 days after implementation
- Focus groups will be conducted 60 days after implementation

### 24. Will there be an appeal process for merit increases?

No, there is no appeal process for merit increases. Determining merit increase amounts is a management responsibility. In addition, the merit increase fund is a limited resource. Once all of the increases are reviewed, calibrated and approved by the organization and submitted to HR, no additional funds remain from which to make changes.

### 25. Who should an employee contact with concerns?

Employees should go to their immediate manager/supervisor with questions or concerns.

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### **26. What if an employee has a concern that their manager/supervisor could not address?**

Employees at the campus can contact their [HR Consultant](#) and employees at the medical center can contact their [HR Business Partner](#).

### **27. How will merit be distributed next year?**

A new performance management program will be implemented in 2017. The performance management program is an iterative process that facilitates the on-going communication between a manager and an employee in support of accomplishing the strategic objectives of the organization. It includes things like performance ratings and metrics, format (e.g., goals, objectives, competencies), technology (paper or on-line form), and the performance evaluation period. It's possible that when the new performance management program is developed it may result in a revised merit program. Information regarding the new performance management program and merit model will be released spring 2017.