

Fiscal 2018 Merit Salary Adjustment Guidelines

Background

The Governor is expected to sign the Fiscal Year 2018 State Budget (Appropriations Bill), which includes the following language in the University of System of Georgia's (USG's) section pertaining to limited merit pay increases: *"Increase funds for merit-based pay adjustments, employee recruitment, or retention initiatives effective July 1, 2017."*

We expect the Board of Regents (BOR) will approve its merit policy for institutions at its April 18th meeting, along with funding allocations for individual institutions. The Institute will allocate to divisions the funding provided by the BOR.

Prior to approval of the BOR policy, this document is intended to provide **preliminary guidelines** for Georgia Tech units to follow in determining merit pay raises for employees. Below are the points expected to be included in the forthcoming BOR policy, similar to prior year policies:

- Merit-based increases averaging 2% and ranging from 0% to 4%; no across-the-board increases permitted
- Individual salary increases reasonably distributed among employees
- Institutions to present a table to demonstrate a reasonable distribution
- Prior approval from Chancellor required for any merit increases exceeding 4%

Georgia Tech's Basic Guidelines

For Georgia Tech, the following will apply:

- The merit raises should average 2% for each major campus unit, 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.
- Pay raises must be based on employee performance as determined by the 2016 performance appraisals and can range from 0% to 4%. *Within each unit, a minimum of 25% of all employees should receive an increase from 0% to 1%.*
- Any proposed raises exceeding 4% require prior approval by the BOR. Within Georgia Tech any proposed increases exceeding 4% must be approved by the Office of the President or an Executive Vice President to which the division reports. Those raises must subsequently be approved individually by the BOR, after preliminary approval by the Office of the President.

Managers should work with their budget and human resources staff throughout the Original Budget preparation process to ensure coordination of budget allocations and merit raise decisions.

Effective Dates

- Increases for academic faculty on a nine month contract will be effective August 15, 2017.
- Increases for all eligible 12-month staff and faculty and will be effective at the start of the 2018 fiscal year – July 1, 2017, for monthly employees and June 22, 2017, for hourly employees. This includes administrative faculty, librarians, and research faculty.

NOTE: Faculty promotion (academic and research) raises will be 6% of the Fiscal 2017 base salary and will be effective on the same date as merit increases. These will be computed prior to the merit increases.

Funding Sources

- Allocations for employees paid from Resident Instruction/General Operations (RI/Gen Ops) will be provided to divisions equivalent to the funding provided by the State through the BOR. The Budget Office will communicate funding allocations to divisions as soon as the BOR funding amount is known, which is expected to be approved at the April 18, 2017, meeting. All allocations for RI/Gen Ops employees will be based on funded positions in the Fiscal 2017 Original Budget, as long as those positions are filled at some point during the fiscal year.
- *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, and Alumni Association.

Eligible Employees and Limits on Adjustments

- Regular, non-temporary employees with satisfactory performance evaluations or better, and no documented performance concerns within the past 12 months (e.g., performance improvement plans, written warnings, counseling memos since July 1, 2016) may be considered for adjustments.
- Merit salary adjustments may not exceed 4%. Any requests for exceptions must be made in writing by the dean or other division head to the appropriate Office of the President executive, with an accompanying justification. If approved, these will then need to be submitted to the BOR for approval. For faculty receiving promotional raises, it will NOT be necessary for the division to justify increases, as long as proposed raises do not exceed the 6% promotion increase plus a 4% merit increase (based on the revised salary level with the promotion increase).
- At least 25% of all employees within a given unit should receive an increase from 0% to 1%.
- An eligible employee on a temporary or interim pay is eligible to be considered for a merit adjustment, but any merit increase awarded must be based on his/her pay prior to the temporary or interim increase.
- The ban on providing merit increases to employees promoted within the past six months (January 1 – July 1, 2017) has been lifted for Fiscal Year 2018.

- Other considerations:
 - Managers should differentiate merit increase amounts based on performance. Across the board increases are not allowed per BOR policy.
 - Each merit raise should be commensurate with previous, individual employee ratings over time.
 - Managers should consider internal equity in making pay adjustments.
 - Managers should consider the employee’s placement in the salary range.

Employees Ineligible for Increases

Following prior years’ policies, the below employees are expected **not** to be eligible for merit increases:

- Contractors and temporary employees, including Retired-but-Working
- Employees as of June 30, 2017, who are within their new hire probationary period (hired on or since January 1, 2017)
- Employees as of June 30, 2017, who have **not** had performance evaluations for calendar year 2016
- Employees who have **not** completed the 2017 training and certifications for the following: Ethical Standards, Conflict of Interest, and Cyber Security Standards

Any information regarding individual increases should not be communicated to employees until units have been notified of final approval by Georgia Tech Human Resources (GTHR), following review at the Institute level by the Office of the President and subsequently, for increases exceeding the expected 4% cap, by the BOR.

Schedule for Submissions

- **BUD 707 Submissions** – The BUD707 reports are used to enter salary rates into the budget system, oneBudget. These salary worksheets must be e-mailed to your budget analyst by **Monday, April 24, 2017**, two days prior to the Original Budget submission.
- **Detailed Original Budgets**, to include pay adjustments, are due from campus units by **5 p.m., Wednesday, April 26, 2017**. The original budget proposal must include the final merit rate for each individual. GTHR will only review exceptions that need approval.
- **Additional Guidance** – The Budget Office will provide further guidance on Original Budget preparation and will conduct workshops for unit financial staff, if assistance is requested. GTHR will provide further guidance on the role of human resources unit representatives. Additional assistance is always available by contacting your assigned Budget Analyst for budget-related questions or the GTHR Compensation Consultant for questions about salary adjustment guidelines.

NOTE: Detailed budget preparation information is available on the Budget Office’s [budget development webpage](#).